November 27, 2012

TrueContext Mobile Solutions Corporation and TrueContext Corporation

Attention of: Alvaro Pombo

Re: Letter of Offer of financing no. 068717-01 granted to TrueContext Mobile Solutions Corporation and TrueContext Corporation

Sir,

On the basis of the preliminary information obtained from the Borrower and subject to the acceptance of the present letter of offer of financing, as amended from time to time (the "**Letter of Offer**"), BDC Capital Inc. ("**BDCC**"), a wholly owned subsidiary of Business Development Bank of Canada (the "**Bank**") is prepared to grant the following financing (the "**Financing**").

FINANCING PURPOSE	
Growth Capital	$[intentionally deleted]
	$[intentionally deleted]
FUNDING	
BDCC	$1,000,000.00
[intentionally deleted]	$[intentionally deleted]
	[intentionally deleted]

No change to the Financing purpose or funding may be made without BDCC's prior written consent. The proceeds of the Financing may only be used for this Financing purpose.

The Letter of Offer is open for acceptance until November 27, 2012 (the "**Acceptance Date**"). Unless the Letter of Offer executed by the Financing Parties is received by BDCC no later than the Acceptance Date, the Letter of Offer shall automatically become null and void**.**

BORROWER:	TrueContext Corporation and TrueContext Mobile Solutions Corporation, jointly and severally (collectively referred to herein as the "Borrower")
GUARANTORS:	TrueContext Limited and TrueContext Incorporated, jointly and severally (collectively referred to herein as the "Corporate Guarantor") (the Corporate Guarantor is also sometimes collectively referred to herein as the "**Guarantor(s)**"). It is important to note that a party when it is defined as a "**Guarantor**, is also a "Financing Party" under this Offer.
FINANCING AMOUNT:	$1,000,000.00, in Canadian currency.
INTEREST RATE:	The Financing and all other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the following rate: **<u>Fixed Rate</u>** 8.500% per year, being BDCC's Base Rate of 5.250% per year plus a variance (the "**Variance**") of 3.250% per year. The Interest Expiration Date for this fixed interest rate plan is November 15, 2017.
INTEREST CALCULATION:	Interest shall be calculated daily and compounded monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment. Arrears of interest or principal and all other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the rate applicable to the Financing and shall be calculated daily and compounded monthly.
MATURITY DATE:	November 15, 2017 or the date on which the last principal payment hereunder is scheduled to be made, which ever date comes last (the "**Maturity Date**").
REPAYMENT:	**<u>Balloon Payment</u>** Principal of the Financing shall be payable by way of one balloon payment of $1,000,000.00, payable on the Maturity Date. Interest is payable monthly in arrears on the 15th day of the month (the "**Payment Date**") commencing on the next occurring Payment Date following the first advance on the Financing. On the Maturity Date, all other amounts owing pursuant to the Financing Documents will become due and payable. **<u>Excess Cash Flow Sweep</u>** Principal of the Financing shall also be reimbursed by way of annual payments representing 50% of the Excess Available Funds realized by the Borrower to a

maximum amount of $250,000 for each annual payment, payable on May 23rd of each year, commencing in May 2015.

If such a payment causes the Borrower to fail to comply with debt covenants and financial requirements required by the Borrower's operating or term lender, it shall be paid only up to an amount that does not put the Borrower in default with debt covenants and financial requirements required by the Borrower's operating or term lender.

The above calculation will be made on a yearly basis based on the audited consolidated financial statements of the Borrower. If such audited financial statements are not delivered to BDCC within 120 days of the Borrower's fiscal year-end, a payment of $250,000 will be payable, if required by BDCC at its entire discretion, to BDCC from the last day of the above mentioned delay, without notice or additional delay. In such event, no subsequent readjustment shall be possible.

Interest is payable monthly in arrears on the 23rd day of the month (the "Payment Date") commencing on the next occurring Payment Date following the first advance on the Financing.
On the Maturity Date, the balance of the Financing in principal and interest and all other amounts owing pursuant to the Financing Documents will become due and payable.

PREPAYMENT: The Borrower may prepay at any time all or part of the outstanding principal provided that the Borrower pays to BDCC:

(i) the full or partial amount of the Financing, as applicable,
(ii) all interest, any fixed component of the additional return and any other expenses then due, and
(iii) the Prepayment Bonus.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

The occurrence of any event of default listed in Schedule A – Section V resulting in BDCC demanding repayment of the Financing prior to the Maturity Date will be deemed to be a prepayment, and the Borrower will pay to BDCC:

(iv) the amount of the Financing,
(v) all interest, any fixed component of the additional return and any other expenses then due, and
(vi) the Prepayment Bonus.

Notwithstanding any event of default or any prepayment of the Financing, in whole or in part, prior to the Maturity Date, any variable component of the additional return of the Financing (bonus, royalties or other) remains payable when due, as herein set forth, until maturity as if the Financing had not been repaid or deemed to be repaid prior to the Maturity Date and all obligations related thereto as well as any security granted in connection therewith shall remain in full force and effect until all such obligations are fully satisfied, whether such obligations arise from the present agreement or from any security granted in connection thereto.

ADDITIONAL RETURN:

Royalties

Post year-end annual payment

In addition to the other payments herein set forth, commencing in May 2016 for the revenues relating to the fiscal year ended December 31, 2015, the Borrower and Corporate Guarantor will also pay to BDCC royalties of:

[intentionally deleted]

for each year (the "**Royalties**").

The payments will be collected annually following receipt of the financial statements for each fiscal year beginning with the fiscal year ending on December 31, 2015 (each an "Annual Payment") and said Annual Payments will be made prior to the April 30th due date following each full fiscal year occurring prior to the Maturity Date, the amended Maturity Date or the date on which the Financing is fully repaid, which ever date comes last.

For each year, the amount of Royalties will be based on the consolidated audited financial statements of the Borrower of such year. In the event of a partial year-end, no Royalties shall be calculated on a twelve months pro-rata basis. Royalties are only due for any full fiscal years completed prior to the Maturity Date or amended Maturity Date.

Should the Borrower fail to deliver its consolidated audited financial statements after the end of its financial year within the delays scheduled under this Letter of Offer, Royalties will be determined and collected by BDCC, subject to adjustment, until such statements are delivered by the Borrower.

If the Borrower subsequently remits its consolidated audited financial statements to BDCC, BDCC shall readjust the Royalties. This readjustment shall be effected at BDCC's discretion by either a repayment by BDCC to the Borrower or applied, in case of a default, in accordance with this Letter of Offer or, in cases of shortfall, by an additional payment by the Borrower to BDCC, which shall be collected utilizing the pre-authorized payment system within a period of thirty (30) days following the date BDCC established same.

Notwithstanding any event of default or any prepayment of the Financing, in whole or in part, prior to the Maturity Date or the amended Maturity Date, the Royalties remain payable as when due, as hereinabove set forth, as if the Financing had not been repaid or deemed to be repaid prior to the Maturity Date or the amended Maturity Date and all obligations related thereto as well as any security granted in connection therewith shall remain in full force and effect until six months after Maturity Date or the amended Maturity Date, whether such obligations arise from the present agreement or from any security granted in connection thereto.

Bonus on Sale

In addition to the other payments herein set forth, in the event of the acquisition of (i) 50% and more of the issued and outstanding voting shares from the share capital of the Borrower and Corporate Guarantor or (ii) the sale of substantial (50% and more of the value of the assets) part of the assets of the Borrower in favour of a third party dealing at arm's length, or in the event of a Change of Control the Borrower shall pay to BDCC an additional compensation premium in the form of a bonus (the "Bonus on sale") which shall represent [intentionally deleted] of the fair market value of the Borrower calculated on the basis of the value used at the time of the asset or the share purchase transaction of the Borrower up to a value of [intentionally deleted] until the end of Fiscal Year 2014, otherwise the Bonus shall represent [intentionally deleted] of the fair market value of the Borrower calculated on the basis of the value used at the time of the asset or share purchase transaction of the Borrower occurring after Fiscal Year 2014. Notwithstanding the foregoing, in no event shall the Bonus on Sale be greater than [intentionally deleted].

The bonus on sale excludes a "going private" transaction whereby a collection of shareholders having greater than one third ownership would continue to have significant influence going forward in a private company scenario.

SECURITY:

As collateral security for the fulfilment of all present and future obligations of the Borrower and the Corporate Guarantor, each of the Financing Parties, as applicable, shall provide BDCC with the following security or guarantees (collectively the "**Security**"), namely:

a) a General Security Agreement, granting a general and continuing security interest in all of the Borrower's present and after acquired personal property and, without limiting the foregoing, on all present and future assets of the Borrower related to intellectual property of the Borrower including, without limitation, patents, trademarks, domain names, source codes, licences and any other forms of intellectual property including those already known (the "Intellectual Property"). That security interest shall rank in first position with respect to the Intellectual Property but subordinated in rank to any other security granted on receivables and inventory in favour of the financial institution financing the Borrower's line of credit for its daily operations, subject to the prior securities listed in Schedule F hereto;

   Schedule F to note that BDCC will allow two patents to be excluded from the GSA registration as they are being marketed for sale with proceeds to flow back into the Borrower (US patents #7,930,215 and #8,090,844, US applications #2011/0153465 and #2011/0276706) including corresponding filings in other countries and any other future continuations, continuation-part or divisional applications of the above.

b) Assignment to BDCC of a Life insurance policy owned by the Borrower on the life of Alvaro Pombo in the coverage amount of

$1,000,000 with BDCC also named as irrevocable beneficiary thereof. Such assignment may be delivered to BDCC no later than 30 days following the disbursement of the Financing;

c) Duly executed guarantees limited to the amount of the outstanding BDCC Financing from the Corporate Guarantors, in a form substantially similar to the draft guarantee annexed hereto as Schedule B;

All security documents shall be in form and substance satisfactory to BDCC and prepared by BDCC's legal counsel.

CONDITIONS PRECEDENT TO DISBURSEMENT:

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the entire satisfaction of BDCC:

Receipt by BDCC of:

- The Security in form and substance satisfactory to BDCC, registered as required to perfect and maintain the validity and rank of the Security, and such certificates, authorizations, resolutions and legal opinions as BDCC may reasonably require, including legal opinions on the existence and corporate capacity of the Financing Parties as well as on the validity and enforceability of the Security;

- Written evidence, including evidence of payment, attesting that the Financing Parties have obtained all the other sources of financing, as applicable, on terms acceptable to BDCC, acting reasonably;

- Financial and other information relating to each Financing Party and their businesses as BDCC may reasonably require, including, without limiting the foregoing, for any disbursement occurring more than one month after year end, the Borrower and Corporate Guarantor will provide BDCC with audited annual financial statements.

- Prior to disbursement of the first $500,000:
  No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower shall provide updated in-house financial statements never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower since the last Audited financial statements remitted to BDCC and the internal financial statements submitted to BDCC at the time of authorization.

- Prior to the second disbursement of $250,000.
  No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower shall provide updated year-end December 31, 2012 in-house consolidated financial statements

prior to January 31, 2013 which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower since the last audited financial statements submitted to BDCC and the internal financial statements submitted to BDCC at the time of authorization.
The above mentioned updated in-house financial statements will also need to evidence the accomplishment of the following milestones: [intentionally deleted]

In addition to the in-house year-end financial statements, the Borrower must provide in-house interim consolidated financial statements never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower since December 31, 2012 in-house year-end financial statements. Any disbursement occurring after January 31, 2013 will require audited consolidated financial statements of TrueContext Mobile Solutions Corporation.

- Prior to the third and final disbursement of $250,000:
  The Borrower must provide audited consolidated financial statements for TrueContext Corporation of December 31, 2012 which show, in BDCC's sole opinion, no Material Adverse Change in the financial position since the internal year-end financial statements dated December 31, 2012. In addition to the audited consolidated financial statements, the Borrower must provide in-house financial statements never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower since December 31, 2012 audited financial statements submitted to BDCC and the internal financial statements submitted to BDCC at the time of authorization.

Completion to the satisfaction of BDCC of the following events:

-Legal due diligence of the Financing Parties.

Furthermore, without limiting the foregoing:

No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower and the Corporate Guarantor shall provide updated in-house financial statements never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower or the Corporate Guarantor since the last audited financial statements submitted to BDCC and the internal financial statements submitted to BDCC at the time of authorization.

All the representations and warranties made by the Borrower or the Corporate Guarantor and its representatives shall be true and exact as at the date of any disbursement of the Financing and a certificate to that effect must be signed by the Borrower and the Corporate Guarantor and its representatives prior to any such disbursement.

The Borrower and the Corporate Guarantor shall have transferred in favour of BDCC all the rights which the Borrower and the Corporate Guarantor holds in any all-risk insurance, including fire insurance, policies affecting its assets, BDCC being designated by the Borrower and the Corporate Guarantor as loss payee on such policies for the full amount of the Financing.

The Financing Parties shall not be (i) in default pursuant to the terms of any other contract, agreement or obligation entered into or executed in favour of BDCC nor (ii) in default under any other agreement with any third party for the granting of a loan or other financial assistance.

UNDERLYING CONDITIONS:

So long as any amount owing pursuant to the Financing Documents remains unpaid, the following conditions shall be met:

a) Requested documents:
   (i) The Borrower shall remit to BDCC annual audited financial statements, on a consolidated basis within 120 days after the end of their respective financial year;
   (ii) The Borrower shall remit to BDCC its internal financial statements, on a quarterly basis, on a consolidated basis, within 60 days after the end of each quarter;
   (iii) Each of the Corporate Guarantors shall remit to BDCC its internal financial statements, on a annual basis, on a separate basis, within 60 days after the end of their respective financial year;
   (iv) The quarterly internal financial statements remitted to BDCC shall have if possible a comparative section with the results of the corresponding period of the last financial year;
   (v) Each of the Borrower and the Corporate Guarantor shall remit further to any change in the enterprise or on demand to BDCC (i) a corporate ownership chart, (ii) an organizational chart and (iii) an updated list of employees reporting to the President and CEO;
   (vi) Each of the Borrower and the Corporate Guarantor shall remit annually to BDCC a listing of all aged accounts payable and accounts receivable with a copy of the approved annual budget.

b) Each of the Financing Parties must provide BDCC, as quickly as possible, with the financial statements and reports and any other financial information that BDCC may reasonably require from time to time;

c) BDCC to be provided with observer status on the Board of Directors;

d) Acquisitions will require prior written consent of BDCC;

e) Annual Capital Expenditures in excess of [intentionally deleted] require the prior written consent of BDCC;

f) In the event any one of the Corporate Guarantors constitutes more than 10% of the total assets recorded on the TrueContext Mobile Solutions Corporation consolidated balance sheet, BDCC will require a GSA (or US/UK equivalent) to be added to the security package;

g) In the event BDCC cancels any undisbursed amount due to missed financial milestones or Material Adverse Change in risk since authorization the additional return Bonus calculation will be pro-rated based on the percentage disbursed versus amount at authorization. In the event the Borrower cancels the remaining undisbursed amount at their discretion the additional return bonus will not be altered.

In addition, so long as any amount owing under or pursuant to this Letter of Offer or any other Financing Document remains unpaid, the financial ratios mentioned below must be met at all time by each of the Borrower and the Corporate Guarantors, on a consolidated basis:

a) Working Capital of at least 1.10:1 increasing to 1.30:1 starting January 2014;

b) A Term Debt to Tangible Equity Ratio of a maximum of 0.15:1;

The above mentioned ratios shall be calculated on the basis of the client prepared consolidated quarterly financial statements and the audited consolidated year-end financial statements of the Borrower. Such financial ratio calculations to exclude the financial reporting effects arising from the accounting treatment of the Additional Return set out in this agreement.

FEES:

Cancellation Fee

Unless the Financing has been disbursed by May 6, 2013 (the **"Lapsing Date"**), the Borrower and the Corporate Guarantor shall pay BDCC a cancellation fee of 3% of the amount of the Financing, up to a maximum of $30,000, provided, however, that BDCC shall have the right to extend the Lapsing Date in its sole and entire discretion without notice to or consent from the Borrower and the Corporate Guarantor.

In case of partial disbursement not already provided for in this Letter of Offer, any part of the Financing that has not been disbursed by the Lapsing Date will be cancelled. If more than 50% of the Financing is cancelled, the Borrower and the Corporate Guarantor shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the Financing cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDCC's damages should the Financing be cancelled or allowed to lapse in whole or in part.

	<u>Standby Fee</u> Commencing 9 months after the Authorization Date, the Borrower and the Corporate Guarantor shall pay BDCC a non-refundable standby fee calculated at a rate of 3% per annum on the portion of the Financing which has not been advanced. This fee shall be calculated daily and be payable in arrears commencing on the next occurring Payment Date and on each Payment Date thereafter. **<u>Financing Management Fee</u>** The Borrower and the Corporate Guarantor shall pay BDCC a non-refundable management fee of $100.00 per month. This management fee is payable on the date of the first Payment Date following the advance of the Financing and thereafter on each anniversary of such first advance, until the Maturity Date**.** **<u>Legal Fees and Expenses</u>** The Borrower and the Corporate Guarantor shall pay all legal fees and expenses of BDCC incurred in connection with the Financing and the Financing Documents including the enforcement of the Financing and the Financing Documents. All legal fees and expenses of BDCC in connection with any amendment or waiver related to the foregoing shall also be for the account of the Borrower and the Corporate Guarantor. The Borrower's and the Corporate Guarantor's obligation to indemnify BDCC under this Section continues before and after default and notwithstanding repayment of the Financing or discharge of any part or all of the Security.
DISBURSEMENT:	Unless otherwise authorized and except for refinancing, funds will be disbursed to BDCC's legal counsel who will confirm to BDCC the execution, delivery and registration of the security. BDCC may cancel any portion of the Financing which has not been disbursed after one year from November 6, 2012 (the "**Authorization Date**").
REPRESENTATIONS AND WARRANTIES:	The Borrower and the Corporate Guarantor make the representations and warranties in Schedule A – Section III. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Financing Parties pursuant to the Financing Documents.
COVENANTS:	So long as any amount owing pursuant to the Financing Documents remains unpaid, each Borrower and the Corporate Guarantor shall perform the covenants set forth in Schedule "A" – Section IV. Without limiting the above, the Borrower and the Corporate Guarantor's will notify the BDCC of its intent to use any other accounting policies other than IFRS and acknowledges, by undertaking to sign the resulting amended forms or contracts, that there may be modifications required to the calculation of EBITDA, Excess Available Funds, required ratios and to other pertinent calculations to ensure the spirit of the underlying conditions is maintained.

EVENTS OF DEFAULT: The occurrence of any of the events listed in Schedule A – Section V constitutes an event of default under the Letter of Offer. If a default occurs, any obligation of BDCC to make any advance, shall, at BDCC's option, terminate and BDCC may, at its option, demand immediate payment of the Financing and enforce any security, the whole without any prejudice to the covenants of the Financing Parties to pay the Royalties, the Bonus on Sale or the Prepayment Bonus, as applicable, if a portion of the Financing has been disbursed before the occurrence of the default justifying the application of this paragraph.

CONFLICTS: The Financing Documents constitute the entire agreement between BDCC and the Financing Parties. To the extent that any provision of the Financing Documents is inconsistent with or in conflict with the provisions of the Letter of Offer, the provisions of the Letter of Offer shall govern.

INDEMNITY: The Borrower and the Corporate Guarantor shall indemnify and hold BDCC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDCC by reason of or relating directly or indirectly to the Financing Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDCC.

SCHEDULES: All Schedules have been inserted after the signature page and form an integral part of the Letter of Offer.

DEFINITIONS: In the Letter of Offer, capitalized terms have the meanings described in Schedule "A"- Section I or Section II or are defined elsewhere in the text of the Letter of Offer.

GOVERNING LAW: The Letter of Offer shall be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein. Any claim or suit for any reason whatsoever under this Letter of Offer shall be brought in the judicial district of Ottawa, province of Ontario, Canada, at the exclusion of any other judicial district which may have jurisdiction over such dispute as prescribed by law.

SUCCESSORS AND ASSIGNS: The Letter of Offer shall be binding on and enure to the benefit of each Financing Party and BDCC and their respective successors and assigns. No Financing Party shall have the right to assign, in whole or in part, its rights and obligations under or pursuant to the Financing Documents without BDCC's prior written consent.

ACCEPTANCE The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDCC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with Robert Shaw at (613) 943-9463.

This 27th day of November, 2012.

BDC CAPITAL INC.

By: *"Robert Shaw"*____________________________
Robert Shaw, Manager – Subordinate Financing

By: *"Cyril Cochrane"*______________________________________
Cyril Cochrane, Managing Director – Subordinate Financing

CONSENT AND ACCEPTANCE

Each Financing Party hereby accepts the foregoing terms and conditions set forth above and in all attached Schedules.

Signed this 27th day of November, 2012.

TrueContext Corporation

By: ___*"Alvaro Pombo"*_______________, Authorized signing officer
Name: Alvaro Pombo

TrueContext Mobile Solutions Corporation

By: ___*"Alvaro Pombo"*_______________, Authorized signing officer
Name: Alvaro Pombo

TrueContext Limited

By: ___*"Alvaro Pombo"*_______________, Authorized signing officer
Name: Alvaro Pombo

TrueContext Incorporated

By: ___*"Alvaro Pombo"*_______________, Authorized signing officer
Name: Alvaro Pombo

SCHEDULE A

SECTION I
DEFINITIONS

"**Annual Gross Sales**" means comprehensively (during a given financial year) the total amount of the actual selling price of the totality of the goods sold and the services rendered by a business carried on by all the companies whose annual gross sales are used for the purposes of this calculation (the "seller") regardless of the place where the goods and services are sold, notably the following amounts:

(i) the amounts received by the seller in consideration of the sale of goods, articles and merchandise;
(ii) the amounts received by the seller in consideration of services rendered;
(iii) the amounts received by the seller in consideration of the sale or leasing of any property (including intellectual property) of the seller or other persons or the granting of a licence in respect of any such property;
(iv) all the amounts received and receivable, whatever they may be; and
(v) all the proceeds, if applicable, from insurance against operating losses and the insurance proceeds received in respect of any business of the seller

in each case, regardless of whether these sales or these amounts received are certified by a cheque, cash, a credit, a charge account, instruments or otherwise, without any deduction permitted for bank charges, bad debt accounts, remuneration of a collection agency or bad debts, but does not include:

(i) the amount of retail sales taxes or goods and services taxes imposed by any governmental authority directly on sales and collected from customers at the point of sale by the seller acting as a representative of such authority, provided that the amount of these taxes is added to the selling price, that it is not part of the indicated price of the article or the service and that it is actually paid by the seller to such authority;
(ii) the refunds granted in consideration of merchandise sold to the seller, to the extent that the selling price of such merchandise has previously been included in the annual gross sales; and
(iii) any refund on merchandise obtained from suppliers and manufacturers.

"**Available Funds**" – has the meaning set forth in Schedule E hereof.

"**Available Funds Coverage Ratio**" – is calculated by dividing the Available Funds by the current portion of the long-term debt.

"**BDCC's Base Rate**" - means the annual rate of interest announced by the Bank through its offices from time to time as its base rate applicable to each of BDCC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"**BDCC's Floating Base Rate**" - means the annual rate of interest announced by the Bank through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Financing shall vary automatically without notice to the Financing Parties upon each change in BDCC's Floating Base Rate.

"Change of Control" – means the effective sale or transfer of or change in the Control of any Person or any written or verbal agreement pursuant to which the Control of a Person is transferred from one Person to another, or the engagement to do any of the above.

"Control" – means holding directly or indirectly more than fifty percent (50%) of the voting shares of a Person.

"**Corresponding Fixed Interest Rate Plan**" means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDCC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the earlier of (i) the next scheduled Interest Adjustment Date, or (ii) the Maturity Date.

"EBITDA" – has the meaning set forth in Schedule E hereof.

"**Excess Available Funds**" has the meaning set forth in Schedule E hereof.

"**Financing**" – shall have the meaning indicated in the preamble, or, as the context may require, at any time the unpaid principal balance of the Financing.

"**Financing Documents**" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"**Financing Party**" – means either the Borrower or any of the Guarantors and "**Financing Parties**" means collectively each of the Borrower or Guarantors.

"IFRS" - means the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Accounting Standards Board as Canadian GAAP for publicly accountable enterprises and the ones which opt to adopt such standards.

"**Interest Adjustment Date**"- means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"**Interest Expiration Date**"- means the date on which a fixed interest rate plan expires.

"**Material Adverse Change**" – means (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of any Financing Party, (ii) a material impairment of the ability of any Financing Party to perform any of its obligations under any Financing Document, or (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDCC or upon the legality, validity, binding effect, rank or enforceability of any Financing Document.

"Person" – includes any individual, natural person, sole proprietorship, partnership, limited partnership, unincorporated association, syndicate or organization, any trust, body corporate, government agency, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative and any other form of organization or entity whatsoever.

"**Private Enterprise GAAP**" means the accounting standards for private enterprises, Part II CICA Handbook.

"**Tangible Equity**" – means the sum of the amount of the Financing; plus the share capital (except for preferred shares that are included in long-term debt, except if they are subordinated); plus retained earnings; plus subordinated loans or advances from the shareholders in favor of BDCC; plus the amount of the Financing; minus loans or advances to the shareholders, directors, related or non-related businesses other than in the normal course of business; minus non-business assets.

"**Term Debt**" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement that would set out precise amounts and dates, if any.

"**Term Debt to Tangible Equity Ratio**" – means the ratio of the Term Debt over the Tangible Equity.

"**Working Capital**" – means the total current assets minus the total current liabilities (within the meaning ascribed to them by Private Enterprise GAAP **[IFRS]**, applied consistently) less future income tax expenses and less the account receivables due from related parties or outside the ordinary course of business and plus the current portion of the long-term debt due over the next twelve (12) months.

"**Working Capital Ratio**" – is calculated by dividing total current assets ((within the meaning ascribed to them by Private Enterprise GAAP**[IFRS]**, applied consistently) less future income tax receivable, less account receivable due from related parties or outside the ordinary course of business by the total current liabilities excluding the current portion of the long-term debt due over the next twelve (12) months.

SECTION II
PREPAYMENT DEFINITIONS

"**Indemnity**" – means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the Financing.

"**Interest Differential Charge**" – means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the difference between BDCC's Base Rate on this Financing and BDCC's Base Rate for the Corresponding Fixed Interest Rate Plan, which is applicable only if BDCC's Base Rate on this Financing is greater than BDCC's Base Rate at the time of a prepayment.

"**Prepayment Bonus**" – means the sum of the Interest Differential Charge and the Indemnity.

"**Present Value**" – for the purpose of determining the Interest Differential Charge and the Indemnity will be computed at a discount rate equal to (i) BDCC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate in the case of a Financing subject to a fixed interest rate, or (ii) BDCC Floating Base Rate as the discount rate in the case of a Financing subject to a floating interest rate and the manner of such computation will be according to the following formula:

$$\frac{CF}{\{1 + (DR/12)\}^{t}}$$

Where:

- ► "CF" is (i) the Variance (if positive) multiplied by the principal, (ii) the financing management fees and (iii) any Additional Interest and Bonus payment which would otherwise have been outstanding at the Payment Date, until the Maturity Date;
- ► "DR" is the applicable discount rate; and

► "t" is the number of monthly periods between the prepayment date and the Maturity Date.

SECTION III
REPRESENTATIONS AND WARRANTIES

The Borrower **[and the Corporate Guarantor]** hereby represents and warrants to BDCC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.

2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Financing Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.

3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.

4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.

5. It is not in default under the Letter of Offer or any other Financing Document.

6. All information provided by it to BDCC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDCC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with Private Enterprise GAAP**[IFRS]**.

7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged pursuant to the Financing Documents, it has good and marketable title, free and clear of any encumbrances, except for what has been disclosed in Schedule F hereof, or has been accepted in writing by BDCC.

9. It is the rightful owner of all its intellectual property with all right, title and interest in and to all of its intellectual property.

The foregoing representations and warranties shall remain in full force and true until the Financing is repaid in full.

SECTION IV
COVENANTS

The Borrower **[and the Corporate Guarantor]** shall:

1. Perform its obligations and covenants under the Financing Documents.

2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.

3. Notify BDCC immediately of the occurrence of any default under the Letter of Offer or any other Financing Documents.

4. Comply with all applicable laws and regulations.

5. Keep all its assets insured for physical damages and losses on an "All-Risks" basis for their full replacement value and cause all such insurance policies to name BDCC as loss payee as its interests may appear. The policies shall also name BDCC as mortgagee and include a standard mortgage clause in respect of buildings over which BDCC holds security and, as further security, assign or hypothecate all insurance proceeds to BDCC; and

   If requested by BDCC, maintain adequate general liability insurance and environmental insurance or any other type of insurance it may reasonably require to protect it against any losses or claims arising from pollution or contamination incidents and to provide certified copies of such policies.

6. Notify BDCC immediately of any loss or damage to its property.

7. Without limiting the generality of paragraph 4 above, in relation to its business operations and the assets and projects of its business, operate in conformity with all environmental laws and regulations; make certain that its assets are and will remain free of environmental damage; inform BDCC immediately upon becoming aware of any environmental issue and promptly provide BDCC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDCC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDCC is obligated to incur by reason of any statute, order or directive by a competent authority.

8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDCC with proof of payments as BDCC may request from time to time.

9. Promptly furnish to BDCC such information, reports, certificates and other documents concerning any Financing Party as BDCC may reasonably request from time to time.

10. Not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDCC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

    a) businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;

    b) businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations;

    c) businesses that promote nudism and naturism.

    BDCC's finding that there is an ineligible activity will be final and binding between the parties and shall not be subject to review. The prohibition set out in this paragraph 10 shall also apply to any entity that Controls, is Controlled by, or that is under the common control with, any Financing Party.

11. In the event that one or several related corporations are incorporated or acquired, including all new subsidiaries and sister companies of the Borrower, these new entities shall ratify and become a party to this Letter of Offer as co-borrower or guarantor at the sole discretion of BDCC. BDCC may require that these new entities grant in favour of BDCC security which shall be registered on their assets to guarantee their respective obligations and the obligations and the Financing pursuant to this Letter of Offer.

NEGATIVE COVENANTS

Without the prior written consent of BDCC, the Borrower **[and the Corporate Guarantor]** shall not:

1. Change the nature of its business.

2. Amalgamate, merge, acquire or otherwise combine its business, or create an affiliated company ("affiliate" having the meaning given to it in the Canada Business Corporations Act), or sell or otherwise transfer a substantial part of its business or any substantial part of its assets, or grant any operating license other than in connection with a take-over bid under applicable securities legislation.

3. Permit any of its shareholders to sell or transfer their shares in the capital stock of such Financing Party save and except shares listed on a recognized stock exchange acceptable to BDCC which for greater certainty includes the TSX Venture Exchange.

4. Permit any Change of Control of such Financing Party or change the capital structure of such Financing Party by contractual or other means other than in

connection with a take-over bid under applicable securities legislation.

5. Permit any change in the shareholding of such Financing Party, except for options issued to employees under an approved stock option plan.

6. Allow a loan to be sought or extended, an investment to be made, a guarantee to be given, and no asset securing the Financing shall be pledge or hypothecated to another creditor, whether done for the benefit of the Borrower or for the benefit of a third party.

7. Declare a dividend on, or redeem or repay any obligation in respect of any shares in its capital. In addition, any advance or transfer of funds in any form whatsoever shall be made to the ultimate shareholders and/or to the corporations they own.

8. Make any modifications to the end date of its fiscal year, its accounting standards and/or policies.

SECTION V
EVENTS OF DEFAULT

1. Any Financing Party fails to pay any amount owing under or pursuant to the Financing Documents.

2. Any Financing Party fails to comply with or to perform any provision of the Letter of Offer or any other Financing Documents.

3. Any Financing Party is in default under any other agreement with BDCC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.

4. Any representation or warranty made by any Financing Party herein or in any other Financing Document is breached, false or misleading in any material respect, or becomes at any time false.

5. Any schedule, certificate, financial statement, report, notice or other writing furnished by any Financing Party to BDCC in connection with the Financing is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

6. Any Financing Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Financing Party applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Financing Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Financing Party or for a substantial part of the property of such Financing Party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Financing Party; or any Financing Party takes any action to authorize, or in furtherance of, any of the foregoing.

7. The Borrower **[and/or the Corporate Guarantor]** ceases or threatens to cease to carry on all or a substantial part of its business.

8. The occurrence of a Change of Control of the Borrower [and/or the Corporate Guarantor] from the date of the application of financing other than in connection with a take-over bid under applicable securities legislation.

9. The occurrence, in the opinion of BDCC, of a Material Adverse Change.

SECTION VI
GENERAL TERMS AND CONDITIONS

Each Financing Party agrees to the following additional provisions:

Interest Cap
If the aggregate amount of charges payable as interest, additional interest, interest on arrears, or any other charges paid or payable in connection with the Financing (collectively the “Charges”) at any time whatsoever would constitute the application of an effective annual rate of interest in excess of the limit permitted by any applicable law, then the Charges shall be reduced so that the charges paid or payable shall not exceed the maximum permissible under such law. Any excess which has been paid will be

refunded by BDCC within ten business days following BDCC's determination of the amount to be refunded.

Other Available Interest Rate Plans

If applicable, the Borrower having selected a floating interest rate plan may select BDCC available fixed interest rate plan. The expiry date of the selected plan shall occur after the initial Maturity Date or subsequently amended Maturity Date of the Financing. If the Borrower so selects any fixed rate plan before the Acceptance Date, it shall be based on BDCC's Base Rate in effect on the Authorization Date. If the selection is made after the Acceptance Date, the Borrower will have to pay to BDCC applicable fee and the interest rate shall be based on BDCC's Base Rate then in effect. The new rate shall become effective on the fourth day following receipt of the request by BDCC.

If, in BDCC's sole opinion, a period of market volatility exists in terms of interest rates, BDCC reserves the right to suspend the Borrower's right to switch from a floating interest plan to a fixed interest plan during that period.

Interest Adjustment Date

Provided no default hereunder has occurred and is continuing, prior to each Interest Adjustment Date, BDCC shall advise the Borrower of BDCC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Financing shall be BDCC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Borrower has not advised BDCC in writing of its choice before an Interest Adjustment Date, the Financing shall automatically switch to BDCC's floating interest rate plan on the Interest Adjustment Date with an interest rate being the BDCC Floating Base Rate at that time as adjusted by the Variance.

In the event BDCC should demand repayment of the Financing by reason of an event of default, any fixed interest rate applicable at the time of demand shall continue to apply to the Financing until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments will be applied in the following order:

1. any Prepayment Bonus (including the monthly interest and Interest Differential Charge);
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees**,** Royalties**,** bonuses or other premiums, interest and principal;
5. current balances, in the following order: transaction fees, management fees, Royalties, bonuses or other premiums, interest and principal;
6. cancellation fees; and
7. other amounts due and payable under the Financing Documents.

Other than regular payments of principal and interest, BDCC may apply any other monies received by it, before or after default, to any debt the Borrower may owe BDCC under or pursuant to the Letter of Offer or any other agreement and BDCC may change those applications from time to time in its sole discretion.

Consent to Disclosure and Exchange of Information

Each Financing Party authorizes BDCC, at any time and from time to time, (i) to obtain financial, compliance, account status and any other information about a Financing Party and its respective business from its accountants, its auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility, and (ii) to disclose and exchange information with any financial institution relating to, in connection with or arising from the business of any Financing Party which BDCC may currently have or subsequently obtain.

Each Financing Party recognizes that in accordance with prudent business practices to « know your client » and in accordance with its internal policies, BDCC may be required to obtain, verify, maintain information regarding the Financing Parties, their directors, theirs officers duly authorized to sign, their shareholders or other persons who exercise control over each Financing Party. Each Financing Party agrees to provide without delay all information, including supporting documents and other evidence that BDCC, or a potential assignee or another company with an interest in BDCC, acting reasonably, could ask to comply with internal policies or legislation in the fight against the laundering of proceeds of crime or financing of terrorist activities that apply to them.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to a Financing Party, at its address above or such other addresses as the Financing Party may advise BDCC in writing, or if to BDCC, at BDCC's address above.

SCHEDULE B

Corporate Guarantee

[intentionally deleted]

SCHEDULE C

Memorandum of Understanding
Re: EBITDA and Excess Available Funds calculations

This memorandum is used to define the basis of the EBITDA that will be used for calculating the Additional Return, notably without limitation the Royalties, and the Excess Available Funds that will be used to calculate the principal payments, as set out in financing #___________ authorized on ___________ by BDCC in favor of the Borrower.

[Needs to be based on the audited financial statements or review engagement.]

DEFINITIONS:

"EBITDA": means with respect **to the Borrower**, net Income before:

- interest (long term and short term);
- income taxes;
- depreciation and /or impairment and/or impairment of assets;
- management fees, royalties and charges of financial institutions;
- discretionary bonuses (as defined below);
- gains or losses from the disposal of assets;
- gains or losses on debt write-offs or to related persons;
- expenses related to stock-based compensation;
- any expenses related to the assessment of capital stock such as, without limiting the foregoing the adjustment of the redemption value of preferred shares;
- any return on preferred shares to be submitted to the income statement;
- any other entry outside the ordinary course of business with no impact on cash flow, including without limiting the generality of the foregoing, any impact of the transition to new accounting standards.

"**Available Funds**": means with respect to the Borrower for any period of 12 months(or end of fiscal year), the sum of the net profits plus:

- depreciation and /or impairment and/or impairment of assets;
- discretionary bonuses (as defined below);
- gains or losses from the disposal of assets;
- gains or losses on debt write-offs or to related persons;
- expenses related to stock-based compensation;
- any expenses related to the assessment of capital stock such as, without limiting the foregoing the adjustment of the redemption value of preferred shares;
- any return on preferred shares to be submitted to the income statement;
- any other entry outside the ordinary course of business with no impact on cash flow, including without limiting the generality of the foregoing, any impact of the transition to new accounting standards.

"Excess Available Funds": are defined as the Available Funds minus the normal current portion of the long-term debt paid during the year.

For the purpose of this memorandum, “**Discretionary Bonus**” means any salary, bonuses, fees and other benefits paid to Mr. • (or a related corporation) by the **Borrower** in excess of an aggregate of $• per year (plus benefits related) plus •% per year from •, • 201• and all salary, bonuses, fees and other benefits paid to Mr. • and Mr. •• (or a related corporation) by the **Corporate Guarantor** in excess of an aggregate of $• per year (plus benefits related) plus •% per year from •, • 201•.

In addition, without limiting the foregoing, any increase in unbudgeted and unjustified fees which would intentionally reduce EBITDA or Excess Available Funds will be added thereto and the calculation adjusted.

Finally, the <u>Borrower</u> **[and the Corporate Guarantor]** commits itself to:

1. To produce its audited**[or review engagement]** financial statements annually according the Private Enterprise GAAP**[IFRS]** and to maintain the same accounting principles as those used in the latest annual audited/review mission statements dated __________.
2. To produce an annual confirmation of the EBITDA and the Excess Available Funds calculations by the external auditors starting with the ____ financial year.
3. To obtain BDCC’s written permission before creating any new entity and allow the EBITDA and the Excess Available Funds of such new entity, if positive, to be added to the present calculations.

IN WITNESS WHEREOF, the parties signed at ____________, this ___________________201•

BDC CAPITAL INC.

Per: __________________

The Borrower agrees to the present memorandum:

__________________ (The Borrower)

Per:___________________

The Corporate Guarantor agrees to the present memorandum:

__________________ (The Corporate Guarantor)

Per:___________________

SCHEDULE F

Permitted Encumbrances

[intentionally deleted]

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