

CONTRIBUTION AND SUBORDINATION AGREEMENT

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CONTRIBUTION AND SUBORDINATION AGREEMENT entered into in the City of Province of (insert name of province), Canada.

BETWEEN: V1 (name of individual), (occupation), domiciled and residing at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code);

OR

V2 (corporate or business name), a legal person duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its principal place of business at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code);

OR

V3 (corporate or business name), a legal person duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its head or registered office at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code), represented by (name of representative), its (title of representative), duly authorized for the purposes hereof;

OR

V4 (corporate or business name), a legal person, duly incorporated pursuant to the Act (name of statute under which the corporation was incorporated), having its head or registered office at (insert civic number and street name), in the City of (insert name of city), Province of (insert name of province), (postal code), and duly registered under number (.....) in accordance with (insert name of statute pursuant to which the entity is registered), represented by (name of representative), its (title of representative), duly authorized for the purposes hereof as he/she so declares [or as indicated in the resolution of the [sole director or board of directors]];

HEREINAFTER REFERRED TO AS "LENDER";

AND: (identification of borrower);

HEREINAFTER REFERRED TO AS "BORROWER";

LENDER	BORROWER	SUBORDINATED CREDITORS

AND: (identification of subordinated creditor);

AND: (identification of subordinated creditor);

HEREINAFTER COLLECTIVELY REFERRED TO AS "SUBORDINATED CREDITORS";

HEREINAFTER COLLECTIVELY REFERRED TO AS THE "PARTIES".

RECITALS [WITNESSETH]

THE PARTIES MAKE THE FOLLOWING REPRESENTATIONS:

- (A) BORROWER and LENDER have entered into a financing agreement on, 20...;
- (B) It is in the interest of SUBORDINATED CREDITORS that said financing be granted to BORROWER;
- (C) LENDER requires as condition to said financing that SUBORDINATED CREDITORS subordinate any advance granted to BORROWER to the reimbursement or the prior authorization of LENDER;
- (D) LENDER also requires as condition to said financing that SUBORDINATED CREDITORS effect additional monetary contributions, where required, to the working capital of BORROWER pursuant to the financing agreement and the respect of all the undertakings of BORROWER in favour of LENDER, in whole or in part;
- (E) SUBORDINATED CREDITORS agree to subscribe to said undertakings;
- (F) The PARTIES wish to set out in writing the terms of their agreement regarding such purpose;
- (G) It is the intent of the PARTIES that their agreement be construed as a contract by mutual agreement.

LENDER	BORROWER	SUBORDINATED CREDITORS

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

0.00 INTERPRETATION

0.01 Definitions

Unless otherwise indicated, capitalized words and expressions appearing in the Agreement shall be interpreted or construed as follows:

0.01.01 Agreement

means this agreement including its recitals and schedules, any related or ancillary agreement or document identified therein, as well as any amendment made thereto from time to time by the PARTIES in compliance with Section 14.05. The terms “herein”, “hereof”, “hereto”, “herewith”, “hereunder”, “hereby” and other similar terms, when used in the Agreement, shall generally refer to the agreement as a whole rather than to a specific part thereof, unless otherwise indicated in the text;

0.01.02 Breach

means any misrepresentation, inaccuracy, error, omission, non-compliance, infringement, failure, claim or other circumstance relating to a representation, warranty, covenant, obligation or other provision of the Agreement leading to:

- (a) any infringement of the Agreement; or
- (b) any claim by any Person or other occurrence or circumstance which (i) is inconsistent with a covenant, obligation or other provision of the Agreement and (ii) causes damage to such Person;

0.01.03 Charges of LENDER

means any charge granted by BORROWER on its property in favour of LENDER to guarantee the reimbursement (capital, interest and fees) of the Financing Agreement;

0.01.04 Contribution Demand

means any demand given by LENDER to SUBORDINATED CREDITORS requiring from them an additional contribution in accordance with the Agreement;

0.01.05 Event of Default

LENDER	BORROWER	SUBORDINATED CREDITORS

means any event permitting SUBORDINATED CREDITORS to require the reimbursement of a debt, to exercise a hypothecary right or any other recourse allowing them to realize their claim;

0.01.06 Financing Agreement

means the financing agreement reached on between and and includes any subsequent amendment where SUBORDINATED CREDITORS have accepted the contents of said amendment;

0.01.07 Force Majeure

means any event beyond the control of a PARTY which could not have been reasonably foreseen and against which it could not have protected itself such as, without limiting the generality of the foregoing, natural disasters, epidemics, fires, accidents, acts of war (whether declared or not), insurrections, riots, acts of terrorism, wildcat strikes, partial or total work stoppages or slowdowns, lock-outs, changes in market conditions, power or communications breakdowns, interventions by civil or military authorities, compliance with any orders of governmental authorities, courts or tribunals or public authorities;

0.01.08 Legal Representatives

means, in respect of each PARTY and, as the case may be, its authorized assignee, when a natural person, the executors or administrators of his estate, his legal heirs, legatees, successors or mandataries and, when a legal person, its directors, officers, shareholders, members, employees and representatives;

0.01.09 PARTY

refers to a signing party to the Agreement and includes its Legal Representatives;

0.01.10 Person

means, as the case may be, a natural person, partnership, joint-stock company, business corporation, cooperative, association, labour union, trust or any other organization whether incorporated or unincorporated, or any public authority of foreign, federal, provincial, territorial or municipal jurisdiction which is not a party to the Agreement, and includes their Legal Representatives;

0.01.11 Project

means (description of the project of borrower);

0.01.12 Property

LENDER	BORROWER	SUBORDINATED CREDITORS

means, as the case may be, the property belonging to SUBORDINATED CREDITORS that are the object of a hypothec pursuant hereto;

0.01.13 Subordinated Charge

means any charge granted by BORROWER on its property in favour of a SUBORDINATED CREDITOR in order to guarantee the reimbursement (capital, interest and fees) of the advances given by the latter in the course of the activities of BORROWER;

0.01.14 SUBORDINATED CREDITOR

refers to a SUBORDINATED CREDITOR pursuant to the Agreement and includes its Legal Representatives;

0.01.15 Subordinated Debt

during the term of the Agreement, means any debt present and future of BORROWER towards the SUBORDINATED CREDITORS, whether several or joint, it includes, without limitation, those resulting from advances made from time to time in accordance with the provisions of the present Agreement or resulting from the furnishing of goods or services;

0.01.16 Subordinated Document

means any act or document from which a subordinated debt or any part thereof may be established or presented as evidence or any act or document according to which a Subordinated charge may be created;

0.01.17 Undertakings

means collectively all the undertakings, present and future, of BORROWER towards LENDER within the terms of the Financing Agreement, including, without limitation, the obligation to reimburse the term loan which is the object of the contract, in capital, interest, fees and accessory fees and in interest on arrears of interest, of fees and of accessory fees.

0.02 Financial Expressions

All words and expressions of a financial, fiscal or accounting nature, used in the Agreement must be interpreted, unless there exists an implicit or explicit derogation in the text, according to generally recognized accounting principles by the Canadian Institute of Chartered Accountants.

0.03 Precedence

LENDER	BORROWER	SUBORDINATED CREDITORS