

**NO. S-S208894
VANCOUVER REGISTRY**

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF URTHECAST
CORP., URTHECAST INTERNATIONAL CORP., URTHECAST USA INC, 1185729 B.C. LTD.
AND THOSE OTHER PETITIONERS SET OUT ON THE ATTACHED SCHEDULE "A"

FIRST REPORT OF THE MONITOR

ERNST & YOUNG INC.

September 11th, 2020

TABLE OF CONTENTS
TO THE
FIRST REPORT OF THE MONITOR

INTRODUCTION	1
TERMS OF REFERENCE	2
CONDENSED BACKGROUND INFORMATION	4
NOTICE PROVIDED IN THE WITHIN PROCEEDINGS	5
THE REVISED AND UPDATED CASH FLOW FORECAST	6
THE AUGUST 2020 TERM LOAN	8
CURRENT RESTRUCTURING INITIATIVES	11
THE PETITIONERS' REQUEST FOR AN EXTENSION TO THE STAY PERIOD	11
RELIEF FROM REPORTING OBLIGATIONS	12
COURT ORDERED CHARGES	13
CONCLUSIONS AND RECOMMENDATIONS	14

LISTING OF APPENDICES
TO THE
FIRST REPORT OF THE MONITOR

Notice to Creditors	Appendix A
Newspaper Advertisement	Appendix B
Cash Flow Forecast	Appendix C
August 2020 Term Loan	Appendix D
Side Letter Agreement	Appendix E

INTRODUCTION

1. On September 4, 2020 (the “**Filing Date**”) this Honourable Court granted UrtheCast Corp. (“**UrtheCast**”), 1185729 B.C. Ltd. (“**729 BC**”), UrtheCast International Corp., UrtheCast USA Inc., 1185781 B.C. Ltd. (“**781 BC**”), Deimos Imaging S.L.U., DOT Imaging S.L.U., Geosys Australia PTY, Geosys do Brasil Sistemas de Informacao Agricolas Ltda., Geosys Europe Sarl, Geosys Holding, ULC (was Geosys Technology Holding LLC), Geosys-Int'l, Inc., Geosys S.A.S., UrtheCast Holdings (Malta) Limited, UrtheCast Imaging S.L.U., UrtheCast Investments (Malta) Limited, UrtheDaily Corp., (collectively, the “**UrtheCast Group**” or the “**Petitioners**”), relief under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”).
2. The initial Order (the “**Initial Order**”), *inter alia*:
 - a) appointed Ernst & Young Inc. (“**EY**”) as monitor of the Petitioners (the “**Monitor**”) in these CCAA proceedings (the “**CCAA Proceedings**”); and
 - b) granted a “**Stay of Proceedings**” to September 14, 2020 (the “**Stay Period**”).
3. A more fulsome introduction and timeline of events resulting in the within proceedings is provided in the Proposed Monitor Report dated September 3, 2020 (the “**Proposed Monitor’s Report**”). This report of the Monitor (the “**First Report**”) is to be read in conjunction with the Proposed Monitor’s Report and the affidavit of Sai Chu sworn on September 3, 2020 (the “**Chu Affidavit**”).
4. The Monitor has established a website at www.ey.com/ca/urthecast (the “**Monitor’s Website**”). All court documents and certain other documents will be posted on the Monitor’s Website.
5. The purpose of this First Report is to provide this Honourable Court with information on the following:

- a) condensed background information on the Petitioners;
- b) notice and service provided in the within proceedings;
- c) the revised and updated weekly cash flow forecast from Sept 14, 2020 to October 2, 2020;
- d) relief sought in connection with an emergency term loan (the August 2020 Term Loan) including the Proposed DIP Charge and the ISS Cameras SISP;
- e) restructuring initiatives being undertaken by the Petitioners;
- f) the request for an extension of the Stay Period from September 14, 2020 to and including October 2, 2020 (the “**Stay Extension Period**”);
- g) other ancillary relief sought by the Petitioners;
- h) relief sought with respect to the Urthecast’s public company reporting requirements; and
- i) the Monitor’s recommendations.

TERMS OF REFERENCE

6. In preparing this First Report and making the comments herein, the Monitor has been provided with, has herein relied upon, unaudited financial information, books, records and financial information prepared by the Petitioners, discussions with certain management of the Petitioners (“**Management**”), and information from other third party sources (collectively, the “**Information**”). Except as described in this First Report in respect of the Cash Flow Forecast:
- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such

information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

b) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

7. Future oriented financial information referred to in this First Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
8. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this First Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.
9. All capitalized terms used herein that are undefined have the meanings ascribed thereto in the Proposed Monitor’s Report, the Amended and Restated Initial Order or the DIP Commitment Letter.
10. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

CONDENSED BACKGROUND INFORMATION

11. UrtheCast is the overall corporate parent of the UrtheCast Group of companies. It is a public entity listed on the Toronto Stock Exchange under the ticker symbol "UR" and it maintains its Corporate head office at 1055 Canada Place – Suite 33, Vancouver, BC V6C 0C3.
12. A copy of UrtheCast's organization chart prepared by management was attached as an exhibit to the Chu Affidavit and attached to the Proposed Monitor's Report as Appendix "B".
13. The UrtheCast Group is a vertically integrated company that provides satellite imaging, data services and geanalytics through subsidiaries incorporated in the United States, Spain, France, Australia, Switzerland, Brazil, Russia, Barbados and Malta.
14. The UrtheCast Group's primary tangible assets consist of:
 - a) two (2) earth observation ("EO") satellites that are currently deployed in outer space known as the Deimos-1 and Deimos-2 satellites (the "**Deimos Satellites**"); and
 - b) two EO sensors and related equipment currently installed aboard the Russian module of the International Space Station (the "**ISS Cameras**", and collectively with the Deimos Satellites, the "**Orbital Assets**").
15. The Deimos Satellites are owned within UrtheCast Spain which is incorporated under the laws of Spain and are encumbered by a senior secured loan payable to Banco de Sabadell, S.A. pursuant to a Spanish loan agreement dated December 11, 2015, between Banco de Sabadell, S.A. and UrtheCast Imaging, S.L.U. (the "**Sabadell Term Loan**").
16. Additionally, in January 2019, UrtheCast acquired an operating unit called Geosys which provides scientific grade weather and satellite data and proven methodologies for monitoring and benchmarking agricultural crops. Geosys operates primarily in Maple Grove, Minnesota and Toulouse, France in entities incorporated under the laws of those countries.

17. The Chu Affidavit describes that the UrtheCast Group's go-forward business plan has been focused on the development of the following two (2) major EO projects which the Petitioners forecast will generate significant revenue once operational:
- a) **OptiSAR Constellation Project:** a project which incorporates synthetic aperture radar ("**SAR**") sensory technology into a constellation of synchronized satellites;
and
 - b) **UrtheDaily Constellation Project:** a project focusing on the development of a second constellation of synchronized satellites equipped with optical EO sensors which would be the first earth observation system to provide scientific-quality, analytics-ready imagery of the entire earth (excluding Antarctica) every day.
18. Moreover, the UrtheCast group is developing software and related infrastructure to facilitate EO imagery processing and distribution at scale (the "**UrthePipeline**"). The UrthePipeline has commenced offering some services. Once completed, the technology will form an integrated part of the ground segment for the UrtheDaily Constellation.

NOTICE PROVIDED IN THE WITHIN PROCEEDINGS

19. Pursuant to the terms of the Initial Order and section 23 of the CCAA, the Monitor has completed the following notice and service requirements:
- a) following its appointment, the Monitor made a copy of the Initial Order, the Proposed Monitor's Report, and a list of known creditors showing the names and amounts owing, publicly available on the Monitor's website, www.ey.com/ca/urthecast (the "**Website**"); and
 - b) on September 9, 2020, the Monitor sent, by mail, notice to every known creditor who has a claim against the Petitioners of more than \$1,000 advising them that

the Petitioners had filed a proceeding under the CCAA and that a copy of the Initial Order, along with other relevant documents are publicly available on the Monitor's Website. A copy of the notice to creditors is attached hereto as **Appendix "A"**.

20. In addition, the Monitor has arranged to publish notice of these proceedings in the Globe and Mail on September 11, 2020 and September 18, 2020 (i.e. two consecutive weeks). A copy of the form of notice that will be published in the Globe and Mail is attached hereto as **Appendix "B"**.

THE REVISED AND UPDATED CASH FLOW FORECAST

21. Management with the assistance of the Monitor has developed an updated cash flow forecast (the "**Cash Flow Forecast**") for the period beginning on September 14, 2020 and ending on October 2, 2020. A copy of the Cash Flow Forecast together with assumptions is attached hereto as **Appendix "C"** and is summarized below:

	To October 2, 2020
Beginning Cash	\$1,185,000
Receipts	\$184,000
Disbursements	
AWS	(17,000)
Payroll	(368,000)
Restructuring Fees	(175,000)
Intercompany (Geosys)	240,000
Intercompany (Deimos)	(229,000)
Miscellaneous	(239,000)
Ending Cash Balance	\$580,000
Interim Financing Draw	\$660,000
Ending Cash after Interim Financing	\$1,240,000

22. The Cash Flow Forecast projects that the Petitioners will have access to sufficient liquidity to continue operating during the Stay Extension Period with or without access to the Proposed DIP Facility (defined below).

Intercompany Financing

23. Given that the Petitioners are a globally integrated entity, they may be required to transfer funds from UrtheCast (i.e. the parent) to its subsidiaries most of which reside in foreign jurisdictions, particularly Geosys, in order to ensure those entities have adequate funding to continue operations (“**Intercompany Advances**”). The Petitioners are seeking relief which would grant a charge in favor of UrtheCast in connection with funds transferred from UrtheCast to its foreign subsidiaries (the “**Intercompany Charge**”).
24. The Petitioners propose that the Monitor approve all Intercompany Advances. The Monitor is of the view that given the integrated nature of Urthecast’s business, it is critical that its foreign subsidiaries have access to liquidity in order to affect a restructuring or sale, and the Monitor recommends that this Honourable Court grant the relief sought with respect to same.

Monitor’s Observations

25. Based on a review of the Cash Flow Forecast, nothing has come to the Monitor’s attention that causes it to believe that, in all material respects:
- a) the hypothetical assumptions are not reasonable and consistent with the purposes of the Cash Flow Forecast;
 - b) the probable and hypothetical assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Cash Flow Forecast; or
 - c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
26. As described in the Terms of Reference above, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and the variations may be material.

Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.

27. The Cash Flow Forecast has been prepared solely for the purposes described in the terms of reference above.

THE AUGUST 2020 TERM LOAN

Background

28. The Chu Affidavit describes that immediately prior to the commencement of the within proceeding on August 27, 2020, UrtheCast entered into a term loan for up to \$1,000,000 USD with 1262743 B.C. Ltd. (“**126**”) (the “**August 2020 Term Loan**”). A copy of the August 2020 Term Loan is included as an exhibit to the Chu Affidavit and is re-attached hereto as **Appendix “D”**.
29. Given the timing constraints and other factors that led to the Petitioners’ CCAA filing, the Petitioners urgently required access to a liquidity source to, a) to meet their immediate obligations (including payroll), and b) fund the professional costs to enable them to seek creditor protection under the within CCAA Proceedings. The August 2020 Term Loan provided the petitioners with the necessary bridge financing, and a first tranche of \$500,100 USD (approximately \$660,000 CAD) was advanced on August 27, 2020 (the “**First Tranche**”).
30. In order to facilitate the August 2020 Term Loan, UrtheCast’s existing secured creditors entered into a subordination and standstill agreement with the Petitioners. A copy of this agreement is attached as Exhibit “M” to Chu Affidavit.
31. Key financial terms of the August 2020 Term Loan include the following:
 - a) first ranking security
 - b) a loan maturity date of November 30, 2020;

- c) an interest rate of 18%; and
 - d) a set up fee of \$30,000.
32. Additionally, UrtheCast and 126 entered into a “**Side Letter Agreement**” pursuant to which UrtheCast, *inter alia*:
- a) agreed to use commercially reasonable efforts to obtain a court order for interim financing, secured by a first priority charge over the assets of the Petitioners and its relevant subsidiaries and affiliates, which would be used by the Petitioners to refinance the August 2020 Loan; and
 - b) acknowledged that 126 intended to submit a “stalking horse” bid of \$10,000 USD per camera for certain cameras on the Russian module of the International Space Station, which the Petitioners are no longer able to access (the “**ISS Cameras**”), in connection with an application within future CCAA proceedings.
33. A copy of the Side Letter Agreement is attached hereto as **Appendix “E”**.

The Proposed DIP Charge

34. The Petitioners are seeking to amend the Initial Order to grant a debtor-in-possession (“**DIP**”) charge of \$1,000,000 USD in favour of 126 (the “**Interim Lender’s Charge**”) as security for advances that will be made by 126 pursuant to a forthcoming commitment letter to be entered into between the parties (the “**DIP Commitment Letter**”), at the interest rate of 18% per annum, with a maturity date of November 30, 2020 (or earlier if certain events occur as detailed in the DIP Commitment Letter).
35. The Petitioners intend to draw \$500,100 USD under the DIP Commitment Letter to repay the First Tranche of the August 2020 Term Loan and the balance of funds will be available to fund the CCAA proceedings of the Petitioners.
36. The Monitor notes the following with respect to the relief sought:

- a) by paying the First Tranche the Petitioners are not altering any existing priorities as the First Tranche already enjoys the benefit of first ranking charge against the assets of the Petitioners (subject to the Charges pronounced in the Initial Order);
- b) the First Tranche was advanced in anticipation of the within proceedings and without same the Petitioners lacked liquidity to meet critical expenses and funding to seek creditor protection to begin with; and
- c) the financial terms outlined above are fair, reasonable and consistent with similarly risked precedent loans.

The Proposed ISS Cameras SISP

- 37. The Petitioners also propose that this Honourable Court authorize the Petitioners to commence a Sale and Investment Solicitation Process (“**SISP**”) for the ISS Cameras (the “**ISS Cameras SISP**”) in a form approved (i.e. as to the specific steps and timing) by the Monitor. The ISS Cameras SISP may utilize a “stalking horse” bid procedure in accordance with the Side Letter Agreement.
- 38. With respect to the relief sought in respect of the SISP, the Monitor is of the view that:
 - a) the ISS Cameras are not core to the Petitioners’ business;
 - b) undertaking a competitive process to divest of non-core assets to generate liquidity in the current circumstances is appropriate; and
 - c) the specific procedures resulting in the sale of the ISS Cameras will be presented to this Honourable Court in seeking the approval of same.

CURRENT RESTRUCTURING INITIATIVES

39. The Petitioners are consulting with the Monitor on a broad range of restructuring initiatives including, a) the development of a SISP for core elements of the Petitioners' go-forward business plan, and b) the sale of non-core assets.
40. In particular, the Monitor notes that advanced discussions are occurring between UrtheCast, certain senior secured creditors and a third party (the "**Potential Bidder**") concerning, a) the Potential Bidder's interest in participating with 126 in financing the within proceedings under a DIP facility, together with, b) this Honourable Court's approval of a "stalking horse" bid and bidding procedures in connection with same.

THE PETITIONERS' REQUEST FOR AN EXTENSION TO THE STAY PERIOD

41. The Stay Period is currently set to expire on September 14, 2020. The Petitioners are requesting an extension of the Stay Period until October 2, 2020, being the approximate date through which the Petitioners have sufficient funds to operate, even in the absence of DIP financing.
42. The Monitor has considered the burden of evidence that resides with the Petitioners to demonstrate that an extension of the Stay Period by this Honourable Court is warranted, having regard to:
 - a) the circumstances that justify the making of an extension order;
 - b) the good faith efforts of the Petitioners to effect the restructuring; and
 - c) the due diligence with which the Petitioners are advancing the restructuring.

Circumstances that justify Extension Orders

43. In the Monitor's view, the extension of the Stay Period is necessary in order to, *inter alia*:

- a) continue diligence with the Potential Bidder (defined above) that may involve a stalking horse bid for certain core assets of the Petitioners;
 - b) allow the Petitioners to continue to pursue the other restructuring initiatives that are already underway including the divestiture of non-core assets (i.e. the ISS Cameras);
 - c) continue efforts to secure the necessary interim financing to continue operations beyond the Stay Extension Period; and
 - d) undertake other procedures to secure long-term funding for the Petitioners.
44. Moreover, as is depicted in the First Report Forecast, the Petitioners project that they will have sufficient liquidity and cash to fund its ongoing obligations until at least October 3, 2020.

Good Faith Efforts and Due Diligence

45. The Petitioners have complied with all of the requirement under the Initial Order and are working in good faith and with due diligence on a number of restructuring initiatives to divest of core and non-core assets and secure long-term funding for the projects that may form the basis of the Petitioners' go-forward business.
46. Based on the foregoing, the Monitor recommends that this Honourable Court extend the Stay Period to October 3, 2020.

RELIEF FROM REPORTING OBLIGATIONS

47. As is noted above, UrtheCast is a publicly listed entity listed on the Toronto Stock Exchange (the "TSX"). The Monitor is advised that as a result of the onset of the within proceedings, the TSX has suspended trading of UrtheCast on its exchange and has initiated an expedited delisting review. Accordingly, the Petitioners are of the view that directing further time or expense to securities reporting is not appropriate in the current circumstances.

48. The Petitioners propose that his Honourable Court authorize the Petitioners to incur no further time or expense in relation to any public company reporting requirements.
49. In the Monitor's view and experience it is normal and customary for publicly listed entities to cease public company reporting requirements once trading is suspended and a delisting review is underway. The time and expense associated with public company reporting requirements (including financial reporting and audits) are significant and the Monitor is of the view that incurrence of same is not an appropriate use of the Petitioners' limited resources in the current environment.

COURT ORDERED CHARGES

50. The Initial Order granted an administration charge of \$500,000 (the "**Administration Charge**") and a Directors and Officers Charge of \$350,000 (the "**Director's Charge**").
51. In addition to these Charges, the Petitioners propose the Intercompany Charge and the Interim Lender's Charge, which if approved by this Honourable Court would rank in the following order:
- a) The Administration Charge of \$500,000;
 - b) The Proposed DIP Charge of \$1,000,000 USD;
 - c) The Directors' Charges of \$350,000; and
 - d) The Intercompany Charge.
52. For the reasons set out in the Proposed Monitor's Report and herein, the Monitor is of the view that the court ordered charges sought by the Petitioners are reasonable and appropriate in the circumstances of these proceedings.

CONCLUSIONS AND RECOMMENDATIONS

53. For the reasons stated herein, the Monitor supports the relief sought by the Petitioners and recommends that this Honourable Court grant the Amended and Restated Initial Order, in the form attached to the Petitioners' notice of application.

All of which is respectfully submitted this 11th day of September, 2020.

ERNST & YOUNG INC.

in its capacity as Monitor
of the UrtheCast Group and not in its personal or corporate capacity

Per:



Michael Bell, CPA, CA, CIRP, LIT
Senior Vice President



Philippe Mendelson, CIRP, LIT
Vice President

Appendix A



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Vancouver, BC V7Y 1C7

Tel: +1 604 891 8200
Fax: +1 604 899 3530
ey.com

September 9, 2020

To the creditors of:

1185729 B.C. Ltd., 1185781 B.C. Ltd., Deimos Imaging S.L.U., DOT Imaging S.L.U., Geosys Australia PTY, Geosys do Brasil Sistemas de Informacao Agricolas Ltda., Geosys Europe Sarl, Geosys Holding, ULC (was Geosys Technology Holding LLC), Geosys-Int'l, Inc., Geosys S.A.S., UrtheCast International Corp., UrtheCast Corp., UrtheCast Holdings (Malta) Limited, UrtheCast Imaging S.L.U., UrtheCast Investments (Malta) Limited, UrtheCast USA Inc., UrtheDaily Corp., (Collectively, the "**Companies**" or "**UrtheCast**")

RE: Proceedings under the *Companies' Creditors Arrangement Act*

Court File No. S208894

Please be advised that the Companies filed for and obtained protection from their creditors under the *Companies' Creditors Arrangement Act (Canada)* R.S.C. 1985, C-36, as amended, ("**CCAA**") pursuant to an order of the Supreme Court of British Columbia (the "**Court**") dated September 4, 2020 (the "**Initial Order**").

The Initial Order granted the Companies various relief, including, *inter alia*, imposing an initial 10-day stay of proceedings (the "**Stay Period**") against the creditors in respect to the Companies and its assets to September 14, 2020, appointing Ernst & Young Inc. as monitor (the "**Monitor**"), and providing the Companies an opportunity to prepare and file a plan of arrangement or compromise for the consideration of its creditors and other stakeholders, or otherwise restructure its business. The Stay Period may be extended by the Court from time-to-time.

The Initial Order prohibits the Companies from making payments of amounts relating to the supply of goods or services prior to September 4, 2020, except as provided in the Initial Order or further order of the Court.

Pursuant to the Initial Order, the Companies are to carry on business in a manner consistent with the commercially reasonable preservation of its respective business and assets.

You are being given notice of the Initial Order as you are a creditor of the Companies or the Initial Order may affect your rights.

We enclose herewith the following a Frequently Asked Questions document.

Further information with respect to this matter, including a copy of the Initial Order and a list of creditors and the amounts owing per the Companies' records can be found available on the Monitor's website www.ey.com/ca/urthecast.

No claims procedure has yet been submitted to, or approved by, the Court and creditors are therefore not required to file proofs of claim at this time.

Should you have any questions in this matter, please feel free to contact the undersigned at:

philippe.mendelson@ca.ey.com, or by telephone at 604.891.8491

Yours very truly,

ERNST & YOUNG INC.

Acting in its capacity as Court-Appointed Monitor of
1185729 B.C. Ltd., 1185781 B.C. Ltd., Deimos Imaging S.L.U., DOT Imaging S.L.U., Geosys
Australia PTY, Geosys do Brasil Sistemas de Informacao Agricolas Ltda., Geosys Europe Sarl,
Geosys Holding, ULC (was Geosys Technology Holding LLC), Geosys-Int'l, Inc., Geosys S.A.S.,
UrtheCast International Corp., UrtheCast Corp., UrtheCast Holdings (Malta) Limited, UrtheCast
Imaging S.L.U., UrtheCast Investments (Malta) Limited, UrtheCast USA Inc., UrtheDaily Corp.,
and not in its personal or corporate capacity

Per:



Philippe Mendelson, CPA, CMA, CIRP, LIT
Vice President

Appendix B

ORACLE BEATS ESTIMATES FOR REVENUE, PROFIT AS CLOUD BUSINESS BENEFITS FROM REMOTE WORK

Oracle Corp. signalled a recovery in client spending as remote work spurred demand for cloud services as well as traditional licensing business, helping it beat expectations for first-quarter results and sending its shares up 5 per cent on Thursday.

The COVID-19 pandemic has led to a rapid shift to remote work with companies looking to extend it till the next year, benefiting cloud companies that support this move.

It comes at a time when Oracle has been pushing into the cloud business that helps companies save cost by renting data centres rather than owning them.

Revenue from its largest unit, that includes its cloud services, rose 2.1 per cent to US\$6.95-billion. Total revenue rose 1.6 per cent to US\$9.37-billion, beating analysts' average estimate of US\$9.19-billion, according to IBES data from Refinitiv. The company's net income rose to US\$2.25-billion, or 72 US cents a share, in the first quarter ended Aug. 31, from \$2.14-billion, or 63 US cents a share, a year earlier.

REUTERS

ROOTS SALES PLUNGE AS CORONAVIRUS CLOSINGS, RESTRICTIONS HAMPER STORE TRAFFIC

Roots Corp. reported a \$1.8-million loss in its latest quarter as its sales fell 38 per cent compared with a year ago owing to the COVID-19 pandemic.

Sales in what was the company's second quarter totalled \$38.2-million, down from \$61.7-million a year ago.

The clothing retailer says the drop in sales was owing to temporary store closings, a phased reopening with reduced oper-

BUSINESS CLASSIFIED

TO PLACE AN AD CALL: 1-866-999-9237 EMAIL: ADVERTISING@GLOBEANDMAIL.COM

LEGALS

NOTICE OF LIQUIDATION

**In the matter of the Liquidation of
Lac Otelnuk Mining Ltd.**

Notice is hereby given that Lac Otelnuk Mining Ltd (the "Company"), which previously had its registered office in Vancouver, British Columbia, was voluntarily placed into liquidation on July 31, 2020 and that BDO Canada Limited was appointed as liquidator (the "Liquidator").

In accordance with Section 331(2) of the *Business Corporations Act* (British Columbia), please be advised that:

- Any person indebted to the Company must provide an account of the amount owing and must pay that amount to the Liquidator by October 8, 2020 at the address noted below.
- Any person having custody or control of any property, rights or interests of the Company must notify the Liquidator of that custody or control by October 8, 2020 at the email address noted below and deliver the property, rights or interests to the Liquidator, or provide control to the Liquidator over the property, rights or interests by the same date.
- Any person having a claim against the Company must provide particulars of the claim in writing to the Liquidator within 2 months after the date of publication of the notice.

Dated at Vancouver, British Columbia this 8th day of September 2020.

BDO Canada Limited
600-925 West Georgia Street
Vancouver, BC V6C 3L2
Attention: Andrew Chou
P: (416) 369-6031
E: jparisi@bdo.ca

Digital Correspondence Preferred



NOTICE

**Public Request for Qualifications for Design Build Services
CN Tower Outdoor Observation Level 2 Renovation**

Canada Lands Company CLC Limited intends to renovate the CN Tower's Outdoor Observation Level 2 located at 290 Bremner Blvd., Toronto.

CLC wishes to shortlist Proponents via a Request for Qualifications for design-build services, with qualified Proponents to be invited to participate in the next stage of the competitive selection process for this project.

Parties interested in responding are invited to contact CLC by emailing:

NOTICE TO CREDITORS

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF URTHECAST CORP.,
1185729 B.C. LTD., 1185781 B.C. LTD.,**

**DEIMOS IMAGING S.L.U., DOT IMAGING S.L.U.,
GEOSYS AUSTRALIA PTY, GEOSYS DO BRASIL
SISTEMAS DE INFORMACAO AGRICOLAS LTDA.,
GEOSYS EUROPE SARL, GEOSYS HOLDING, ULC
(WAS GEOSYS TECHNOLOGY HOLDING LLC),
GEOSYS-INT'L, INC., GEOSYS S.A.S., URTHECAST
INTERNATIONAL CORP., URTHECAST HOLDINGS
(MALTA) LIMITED, URTHECAST IMAGING S.L.U.,
URTHECAST INVESTMENTS (MALTA) LIMITED,
URTHECAST USA INC. AND URTHECAST CORP.**

(collectively the "Companies" or "UrtheCast")

Court File No. S-208894

Take notice that on September 4, 2020 the Companies commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The Supreme Court of British Columbia granted an initial order (the "Initial Order") which provides UrtheCast various relief including, among other things, imposing a stay of proceedings in favour of the Companies while the CCAA proceedings are ongoing. The Initial Order appointed Ernst & Young Inc. as monitor (the "Monitor") of UrtheCast.

The Initial Order and other documents in respect of the CCAA proceedings may be accessed from the Monitor's website at www.ey.com/ca/urthecast. If you are unable to access the website or have further inquiries, you may contact the Monitor at:

**Ernst & Young Inc.
Monitor of UrtheCast**
Pacific Centre
P.O. Box 10101,
700 West Georgia Street
Vancouver, BC V7Y 1C7

Contact: Philippe Mendelson
Telephone: (604) 891-8491
Facsimile: (604) 899-3530

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Appendix C

UrtheCast Corp. et al.
Combined Cash Flow Statement
For the Three Weeks ending October 2, 2020

All figures in Canadian dollars (000)

Week Ending	Notes	Week 1 2020-09-18	Week 2 2020-09-25	Week 3 2020-10-02	Forecast Total
Collections					
Other Collections	1	27	-	157	184
Total Collections		27	-	157	184
Operating Disbursements					
AWS	2	-	-	(17)	(17)
Payroll	3	(35)	-	(333)	(368)
Miscellaneous	4	(65)	-	(174)	(239)
Total Operating Disbursements		(100)	-	(524)	(624)
NET OPERATING CASH FLOW		(73)	-	(368)	(440)
Restructuring Disbursements					
Restructuring professional fees	5	-	-	(175)	(175)
Total Restructuring Disbursements		-	-	(175)	(175)
NET WEEKLY CASH FLOW		(73)	-	(543)	(615)
Cash Balance					
Beginning Book Balance		1,185	1,528	1,344	1,185
Net Cash Flow		(73)	-	(543)	(615)
Intercompany to / from Geosys Subsidiaries	6	(253)	57	436	240
Intercompany to / from Deimos Subsidiaries	7	9	(241)	3	(229)
Advances pursuant to term loan	8	-	-	-	-
DIP Funding	9	660	-	-	660
Ending Cash Balance		1,528	1,344	1,240	1,240

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF URTHECAST CORP.,
URTHECAST INTERNATIONAL CORP., URTHECAST USA INC, 1185729 B.C. LTD. AND THOSE
OTHER PETITIONERS SET OUT ON THE ATTACHED SCHEDULE "A"

Notes and Assumptions to the Cash Flow Forecast

For the period Sept 14, 2020 to October 2, 2020 (the "Period")

Disclaimer:

This cash flow forecast (the "**Forecast**"), has been prepared using unaudited financial information and the Monitor has not attempted to further verify the accuracy or completeness of such information.

The Forecast is based on the probable and hypothetical assumptions outlined below.

Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Period will vary from the Forecast, and such variation may be material. There is no representation, warranty or other assurance that any of the assumptions or estimates used in the Forecast will be realized.

Overview:

The Cash Flow Forecast includes receipts and disbursements of the Petitioners during the Period. The Petitioners, with the assistance of Ernst & Young Inc., in its capacity as the proposed monitor of the Petitioners (the "**Proposed Monitor**"), have prepared the Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the Petitioners ongoing operations.

Receipts and disbursements are denominated in Canadian dollars.

The Forecast was prepared for the purpose of satisfying the requirements pursuant to paragraph 10(2)(a) of the *Companies' Creditors Arrangement Act* ("**CCAA**").

Beginning Cash:

The Petitioner's opening cash balance as at the week of September 14, 2020 is approximately \$1,185,000. This amount includes funds held in operating subsidiaries in various jurisdictions and currencies (converted to CAD).

[1] Other gov receipts

Includes various non repayable government grants.

[2] Amazon Web Services ("**AWS**")

Payments made to AWS for use of their cloud-based servers. AWS payments are derived by management estimates of anticipated usage related to processing imagery data via the Urthe Pipeline platform and general usage.

[3] Payroll

Includes UrtheCast Corp. bi weekly payroll. Payroll amounts include approximately 53 highly skilled employees including aerospace engineers and computer software developers. The payroll amounts are estimated based on anticipated staffing levels during the CCAA proceedings.

[4] Miscellaneous

Miscellaneous disbursements include office expenses, rent, subcontractors, computer systems and software and other miscellaneous costs.

[5] Restructuring professional fees

Fees owing to or estimated to be incurred by the Petitioner's legal counsel, the Monitor and the Monitor's legal counsel in connection with the CCAA proceedings.

[6] Intercompany to / from Geosys Subsidiaries

Intercompany to / from Geosys Subsidiaries shows the funding needs of the Geosys Holding, ULC operations as well as it's ability to fund the parent company over the forecast period. These funding requirements arise from the timing of receipts from large customers and timing of payments to suppliers. Annualized Geosys operations are forecasted to positively affect the Petitioners' cash flow.

[7] Intercompany to / from Deimos Subsidiaries

Intercompany to / from Deimos Subsidiaries shows the funding needs of the Deimos operations as well as it's ability to fund the parent company over the forecast period.

[8] Advances pursuant to term loan

N/A

[9] DIP Funding

The Petitioners anticipate approximately \$660,000 in DIP funding following the comeback hearing. It is anticipated that the net proceeds of this DIP facility will drawn in full at once as soon as available.

Appendix D

SECURED TERM NOTE

1. PAYMENT

1185781 B.C. LTD. (the “**Borrower**”) acknowledges its borrowing of the Principal Amount from **1262743 B.C. LTD.** (the “**Lender**”) and hereby promises to pay to the Lender or any successor or permitted assign (each, a “**Holder**”), the principal sum of up to \$1,000,000 in lawful money of the United States, or such lesser sum as may be advanced by the Lender hereunder from time to time (the aggregate principal amount advanced and outstanding under this Note is referred to herein as the “**Principal Amount**”) and all accrued and unpaid interest thereon and all other monies which may from time to time be owing hereunder or pursuant hereto on or before November 30, 2020 (the “**Maturity Date**”).

Interest shall accrue daily on the Principal Amount at a rate of 18 percent per annum, calculated based on the actual number of days elapsed, on the basis of a 365 or 366 day year, as applicable, and shall be calculated and be payable quarterly on the first Business Day of each fiscal quarter of the Borrower in U.S. Dollars when not in default, and when in default, shall be compounded quarterly and payable on demand. The foregoing interest rate shall be increased by seven percent per annum if an Event of Default hereunder has occurred and is continuing (the “**Default Rate Interest**”).

The Lender shall advance the principal sum of \$500,100 to the Borrower on the date hereof. Upon written request of the Borrower, the Holder may advance up to an additional \$500,000 at any time before the Maturity Date on the terms and conditions of this Note.

The Borrower hereby unconditionally, absolutely and irrevocably authorizes and directs the Holder to endorse upon the grid attached hereto as **Schedule “A”** to this Note (the “**Grid**”), the dates and amounts of all advances, and each repayment of the principal from time to time under this Note, together with the unpaid principal balance outstanding from time to time. The entries on the Grid shall be prima facie evidence of the amounts and dates of advances and repayments of principal under this Note, absent manifest error.

2. DEFINED TERMS

The following terms have the following meanings for the purposes of this Note:

“**Applicable Law**” means (a) any Canadian or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, request, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, in each case whether or not having the force of law.

“**Bolzano**” means Bolzano Investments Limited.

“**Business Day**” means any day, other than a Saturday or a Sunday, on which banks in Vancouver, British Columbia are open for general business.

“**Change of Control**” means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Borrower) as a direct

or indirect result of which UrtheCast fails to beneficially own, directly or indirectly, one hundred percent (100%) of the Equity Interests then outstanding of the Borrower.

“**Collateral**” has the meaning given thereto in the GSA.

“**Debt**” means, with respect to any Person, the following amounts, each calculated in accordance with GAAP unless the context otherwise requires:

- (a) any obligation that would be considered to be indebtedness for borrowed money;
- (b) any obligation that is evidenced by a bond, debenture, note or other similar instrument;
- (c) any obligation on which interest is customarily paid by that Person;
- (d) any capital lease obligation, synthetic lease obligation, obligation under sale and leaseback transaction or purchase money obligation;
- (e) the face amount of any outstanding letter of credit or letter of guarantee; and
- (f) the amount of the contingent liability under any guarantee (except by endorsement of negotiable instruments for collection or deposit in the ordinary course of business) in any manner of any part or all of an obligation of another Person of the type included in items (a) through (e) above;

except that none of the following shall constitute Debt: (i) current trade payables incurred in the ordinary course of business and accrued expenses and intercompany liabilities arising in the ordinary course of business; (ii) prepaid or deferred revenue; (iii) deferred income Taxes; (iv) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase price of an asset to satisfy unperformed obligations of the seller of such asset; and (v) obligations in respect of surety bonds or performance bonds incurred in the ordinary course of business.

“**Equity Interests**” means, with respect to any Person, any and all present and future shares, units, trust units, partnership, membership or other interests, participations or other equivalent rights in the Person’s equity or capital, however designated and whether voting or non-voting, and warrants, options or other rights to acquire any of the foregoing.

“**Excluded Taxes**” means (a) all taxes on, based on, measured by or with respect to the Holder’s net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business that are taxes imposed in a jurisdiction as a consequence of the Holder carrying on a trade or business or having a permanent establishment in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction; (b) Taxes imposed on or with respect to a Holder that does not deal at arm’s length with the Borrower (within the meaning of the *Income Tax Act* (Canada)) at the time of the payment (other than where the non-arm’s length relationship arises as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA); and (c) Taxes imposed on or with respect to a Holder that is a “specified non-resident shareholder” of the Borrower, or is a Person not dealing at arm’s length with a “specified shareholder” of the Borrower, each for the purposes of the *Income Tax Act* (Canada) (other than where the Holder is a “specified non-resident shareholder”, or is a Person not dealing at arm’s length with a “specified shareholder” as a result of the Holder having become party, received or perfected a security interest under or received or enforced any rights hereunder or under the GSA).

“**GAAP**” means generally accepted accounting principles in effect from time to time in Canada, as established or adopted by the Accounting Standards Board (Canada) or any successor body, including the International Financial Reporting Standards.

“**Governmental Authority**” means the government of any federal, provincial, territorial, municipal or other political subdivision in which the Borrower and its offices, operations, property or assets are located, and any other government or political subdivision thereof exercising jurisdiction over the Borrower or its offices, operations, property or assets, including all agencies and instrumentalities of such governments and political subdivisions.

“**GSA**” means that certain general security agreement, dated as of the date hereof, from the Borrower to the Lender, as collateral agent for and on behalf of itself as a secured party thereunder.

“**January 2019 Bolzano Note**” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019, as further amended and restated.

“**June 2019 Bolzano Note**” means that certain secured term note dated effective June 26, 2019 issued by the Borrower, as borrower thereunder, in favour of Bolzano, as initial holder thereunder, as amended and restated.

“**Lien**” means: (a) any interest in property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, statute or contract, and includes a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, debenture, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment.

“**Lunar**” means Lunar Ventures Inc.

“**Lunar Note**” means that certain secured term note dated effective July 24, 2019 issued by the Borrower, as borrower thereunder, in favour of Lunar, as initial holder thereunder, as amended and restated.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, operations, property, liabilities or financial position of the Borrower; (b) the ability of the Borrower to comply with this Note or the GSA; (c) the validity or enforceability of this Note or the GSA; or (d) the value of the Collateral (including the value of any Equity Interests).

“**Net Proceeds of Financing**” means the amount equal to the aggregate amount received by the Borrower in cash in connection with the incurrence of Debt by the Borrower, less all reasonable fees and expenses related thereto, including accounting, advisory and legal fees, commissions and other out-of-pocket expenses.

“**Permitted Liens**” means:

- (a) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (b) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;

- (c) Liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;
- (d) the interest or title of a lessor under any lease of assets entered into by the Borrower in the ordinary course of its business and covering only the assets so leased;
- (e) Liens securing the January 2019 Bolzano Note and the Skidmore Note, subject to the terms of any inter-lender agreement;
- (f) Liens securing the June 2019 Bolzano Note, subject to the terms of any inter-lender agreement;
- (g) Liens securing the Lunar Note, subject to the terms of any inter-lender agreement;
- (h) Liens securing the guarantee of the Borrower to SMF in respect of the UrtheCast Indebtedness, subject to the terms of any subordination agreement entered by SMF in favour of Lunar (or Bolzano as collateral trustee);
- (i) Liens in favour of Lunar (or Bolzano as collateral trustee) to secure the Indebtedness; and
- (j) any other Lien consented to in writing by the Holder.

“**Person**” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity, and “**person**” has the same meaning.

“**Reorganization**” means the amalgamation of the Borrower and Geosys Holdings ULC in order to claim a tax basis bump in accordance with paragraph 88(1)(d) of the *Income Tax Act* (Canada), with the resulting entity assuming the debts, liabilities and obligations of the Borrower hereunder.

“**Skidmore**” means 1249836 B.C. Ltd.

“**Skidmore Note**” means that certain secured term note dated effective January 14, 2019 issued by the Borrower, as borrower thereunder, in favour of Skidmore, as initial holder thereunder, as amended and restated and effective on or about June 26, 2019.

“**SMF**” means SMF Investments Limited.

“**Subordination and Standstill Agreement**” means that certain subordination and standstill agreement, dated as of the date hereof, among the Borrower, UrtheCast, Skidmore, Bolzano, Lunar, SMF and 1194249 B.C. Ltd.

“**UrtheCast**” means UrtheCast Corp.

“**UrtheCast Indebtedness**” means all indebtedness, liability and obligations of UrtheCast to SMF.

“**US Dollars**”, “**US \$**” and “**\$**” each mean the lawful currency of the United States of America.

3. PAYMENTS GENERALLY

To the fullest extent permitted by Applicable Law, the Borrower shall make all payments hereunder regardless of any defense, counterclaim, right of set-off or equities, including, without limitation, any defense, counterclaim, right of set-off or equities based on any law, rule or policy which is now or hereafter promulgated by any Governmental Authority and which may adversely affect the Borrower's obligation to make, or the right of the Holder to receive, such payments.

All payments of the Principal Amount and interest thereon shall be made in immediately available funds pursuant to instructions provided to the Borrower by the Holder.

All payments and prepayments, whether made as in this Note provided or otherwise, shall be made to the Holder at its address set out in Section 24 hereof or at such other place as the Holder may from time to time in writing direct, in U.S. Dollars, and shall be applied first to amounts other than principal and interest owing under this Note, then in satisfaction of accrued and unpaid interest (including Default Rate Interest), and the remainder to the outstanding balance of the Principal Amount.

Whenever a payment under this Note is due to be made on a day which is not a Business Day, the day for payment shall be the next following Business Day and any such extension of time for payment shall, as applicable, be included in the computation of interest payable under this Note. Interest for any period shall be calculated from and including the first day thereof to but excluding the last day thereof.

This Note is secured by the Liens granted pursuant to the GSA. This Note is not convertible or exchangeable into any other property, including equity in, or held by, the Borrower.

4. VOLUNTARY PREPAYMENT

When not in default under this Note, the Borrower shall be entitled to prepay all or any portion of the Principal Amount outstanding, together with all accrued and outstanding interest thereon, without notice, bonus or penalty.

5. MANDATORY PREPAYMENTS

5.1 Net Proceeds of Financing

If on any date the Borrower shall receive Net Proceeds of Financing, then one hundred percent (100%) of such Net Proceeds of Financing shall be applied on such date toward prepayment of amounts then outstanding hereunder.

5.2 Sale of Assets

Upon the sale of any assets, the Borrower shall prepay the amounts then outstanding hereunder.

6. CONDITIONS PRECEDENT

- (a) Conditions Precedent to Effectiveness of this Note. This Note shall become effective upon the date that the conditions precedent to the advance of the Loan in accordance with Section 6(b) shall have been satisfied.
- (b) Conditions Precedent to Advance of the Loan. The obligation of the Lender to fund the Loan in the amount of \$1,000,000 is conditional upon satisfaction by the Borrower, or

waiver by the Lender, of the following conditions, such satisfaction or waiver being determined by the Lender in its sole and unfettered discretion, acting reasonably:

- (i) Lender shall have received a duly executed copy of this Note, the GSA, the Subordination and Standstill Agreement and all other agreements, documents and instruments referred to herein;
- (ii) Lender shall have received a certified copy of the Borrower's directors' resolution authorizing the borrowing of the Principal Amount and the execution and delivery of this Note, the GSA, the Subordination and Standstill Agreement and all other agreements, documents and instruments referred to herein; and
- (iii) receipt by the Borrower or UrtheCast, as the case may be, of all regulatory and other consents and waivers, if and as required, in order for the Borrower to enter into this Agreement and to perform its obligations hereunder.

7. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Holder as follows:

- (a) The Borrower is a corporation duly organized and validly existing under the laws of British Columbia.
- (b) The Borrower has full power and authority to and has taken or caused to be taken all necessary action to authorize it to execute and deliver this Note, and to perform and comply with the terms, conditions, and agreements set forth herein.
- (c) This Note has been duly executed and delivered by the Borrower and is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally.
- (d) The execution of and performance under this Note will not violate (i) any statute, regulation or other provision of law; (ii) any order of a court or instrumentality of government or regulatory entity or authority having jurisdiction over the Borrower; (iii) the Borrower's notice of articles or articles; or (iv) any material contract to which the Borrower is a party or by which the Borrower or any of its property is bound.
- (e) As of the date hereof, the Borrower has no Debt other than Debt secured by Permitted Liens.
- (f) The Borrower is in compliance with all laws, rules and regulations, orders, judgments, writs, injunctions, decrees, determinations, awards of any applicable Governmental Authority, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect. Except as has already been obtained and are in full force and effect, no Governmental Approval is required with respect to the execution, delivery and performance by the Borrower of its obligations hereunder or under the GSA or the Subordination and Standstill Agreement.

- (g) There are not, in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body, any actions, suits or proceedings pending (nor, to the knowledge of the Borrower, threatened) against or in any other way relating to or affecting (i) the Borrower or its businesses or properties or (ii) this Note, the GSA or the Subordination and Standstill Agreement, in each case, as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.
- (h) All material income tax and other returns required to be filed have been filed by or on behalf of the Borrower to the relevant taxation or other authorities and the Borrower is not in default of payment of any Taxes of any material amount.
- (i) The Borrower has good and marketable title to its property and assets, and owns its property and assets free and clear of all Liens, except Permitted Liens.

8. BORROWER COVENANTS

The Borrower covenants that so long as this Note is outstanding and unless otherwise consented to or waived by the Holder:

- (a) The Borrower shall duly and punctually pay, or cause to be so paid as provided herein, the Principal Amount of this Note and the interest which shall have accrued thereon, on the dates and in the manner and currency specified herein.
- (b) The Borrower shall promptly inform the Holder of the occurrence of any Event of Default hereunder.
- (c) The Borrower shall comply with Applicable Law in all material respects.
- (d) The Borrower shall pay and discharge before the same shall become delinquent, all material lawful governmental claims, taxes, assessments, charges, and levies.
- (e) The Borrower shall not create, incur or assume any Debt other than Debt secured by Permitted Liens in existence on the date hereof, unless the Net Proceeds of Financing received in connection with any such creation, incurrence or assumption is applied in accordance with the terms of Section 5 hereof.
- (f) The Borrower shall not at any time during the term of this Note (i) sell (including any sale and leaseback), mortgage, pledge or otherwise encumber or dispose of any of the Collateral; (ii) permit any subsidiary of the Borrower to sell, mortgage, pledge or otherwise encumber or dispose of any material income-producing assets; or (iii) permit any new Liens to be placed on such Collateral or income-producing assets, except for Permitted Liens.
- (g) The Borrower shall not consolidate, amalgamate or merge with any other Person, enter into any corporate reorganization or other transaction intended to effect or otherwise permit a change in its existing notice of articles or articles, liquidate, wind-up or dissolve itself, or permit any liquidation, winding up or dissolution, save that it may consummate the Reorganization. The Borrower shall comply with the provisions of the GSA regarding amalgamation (including with respect to the Reorganization).

- (h) the Borrower shall not declare or pay any dividend, return of capital or other distribution (in cash, securities or other property) of, on or in respect of, any of its Equity Interests.
- (i) The Borrower shall not make any loan to or acquire Debt owing by any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debt, liability or obligation of any other Person, or give other financial assistance of any kind to any other Person other than in the ordinary course of business.
- (j) The Borrower shall take all reasonable steps to preserve and protect each item of its assets in accordance with prudent industry standards.
- (k) The Borrower shall, upon reasonable request of the Holder, execute and deliver such further instruments and do such further acts as may be necessary or proper to carry out more effectually the purpose of this Note.

9. CRIMINAL RATE OF INTEREST

In no event shall the aggregate “interest” (as defined in Section 347 (the “**Criminal Code Section**”) of the *Criminal Code* (Canada)) payable to the Holder under this Note exceed the effective annual rate of interest lawfully permitted under the Criminal Code Section. Further, if any payment, collection or demand pursuant to this Note in respect of such “interest” is determined to be contrary to the provisions of the Criminal Code Section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Holder and the Borrower and such “interest” 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 law or so result in the receipt by the Holder of interest at a rate not in contravention of the Criminal Code Section.

10. INTEREST ACT (CANADA)

Each interest rate which is calculated under this Note on any basis other than a full calendar year (the “**deemed interest period**”) is, for the purposes of the *Interest Act* (Canada), equivalent to a yearly rate calculated by dividing such interest rate by the actual number of days in the deemed interest period, then multiplying such result by the actual number of days in the calendar year (365 or 366). All calculations of interest and fees hereunder and under the GSA shall be made on the basis of the nominal rates described in this Note and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Borrower confirms that it fully understands and is able to calculate the rate of interest applicable to the borrowing hereunder based on the methodology for calculating per annum rates provided for in this Note. The Holder agrees that if requested in writing by the Borrower it will calculate the nominal and effective per annum rate of interest on the borrowing outstanding at the time of such request and provide such information to the Borrower promptly following such request; provided that any error in any such calculation, or any failure to provide such information on request, shall not relieve the Borrower of any of its obligations under this Note or the GSA, nor result in any liability to the Holder. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Note or the GSA, that the interest payable under this Note and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other Applicable Law or legal principle.

11. LOSS, THEFT OR DESTRUCTION OF NOTE

Upon receipt by the Borrower of evidence reasonably satisfactory to it of the loss, theft or destruction of this Note, the Borrower will make and deliver a new Note which shall carry the same rights

carried by this Note, stating that such Note is issued in replacement of this Note, making reference to the original date of issuance of this Note (and any successors hereto) and dated as of such cancellation, in lieu of this Note.

12. PAYMENTS CLEAR OF TAXES

- (a) Any and all payments by the Borrower to the Holder under this Note or the GSA shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority (and, for greater certainty, nothing in this Section 12 shall make the Borrower liable for any Excluded Taxes). The Borrower shall indemnify and hold harmless the Holder for the full amount of all of the foregoing Taxes or other amounts paid or payable by a Holder and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Note and the GSA.
- (b) If the Borrower shall be required by Applicable Law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Holder hereunder or under the GSA, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to such Holder under such document shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Holder receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with Applicable Law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Holder) on behalf of and in the name of the Holder. If the liability is imposed on the Holder, the Borrower shall deliver to the Holder evidence satisfactory to it, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

13. EVENTS OF DEFAULT

The entire unpaid portion of the Principal Amount and all accrued and unpaid interest shall, at the option of the Holder, automatically become immediately due and payable if any one or more of the following events of default has occurred and is continuing (each an “**Event of Default**”):

- (a) the Borrower fails to make payment when due of the Principal Amount or any accrued interest thereon;
- (b) any representation and warranty in this Note shall at any time prove to have been incorrect or misleading in any material respect when made or deemed made by or on behalf of the Borrower and if capable of being remedied such that the representation or warranty if made at such time would be correct, is not so remedied within thirty (30) days after notice of such incorrectness is given to the Borrower by the Holder;

- (c) the Borrower defaults in the performance of or compliance with any term contained herein that is not corrected or otherwise satisfied within thirty (30) days after the Holder gives written notice of the default to the Borrower (provided that such notice of default and corresponding cure period shall not apply to any breach of paragraph 8(f) above);
- (d) the Borrower defaults under any other agreement with the Holder and such default is not corrected or otherwise satisfied within the time, if any, specified in such other agreement;
- (e) one or more final judgments, writs of execution, garnishments or attachments or similar processes representing claims in an aggregate of \$250,000 or more for the Borrower and not covered by insurance shall be entered against the Borrower and such judgments, writs of execution, garnishment, attachment or similar process shall not have been vacated, discharged, stayed, satisfied or bonded pending appeal within thirty (30) days from the entry thereof;
- (f) the Borrower shall (i) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or any substantial part of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower, or for a substantial part of its property, and such trustee, receiver, sequestrator or other custodian shall not be discharged within sixty (60) days, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any relevant proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower, and, if any such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for sixty (60) days undismissed, provided that the Borrower hereby expressly authorizes the Holder to appear in any court conducting any such case or proceeding during such sixty (60) day period to preserve, protect and defend its rights hereunder; or (v) take any corporate action authorizing, or in furtherance of, any of the foregoing;
- (g) the Borrower transfers, sells or conveys any of its material income-producing assets without consent from the Holder, or if any subsidiary of the Borrower transfers, sells or conveys any of such subsidiary's material income-producing assets to a third party without consent from the Holder; or
- (h) a Change of Control has occurred.

14. REMEDIES

Upon the occurrence of an Event of Default which has not been remedied or waived, and in every such event:

- (a) The Holder, upon notice to the Borrower, may declare, in whole or, from time to time, in part, the Principal Amount and interest thereon and all other amounts owing hereunder and

under the GSA to be, and such amounts shall thereupon and to that extent become, due and payable.

- (b) The Holder may, in addition to all of its rights and remedies hereunder, the GSA and under Applicable Law and subject to the terms of any inter-lender agreement, take such actions and commence such proceedings as the Holder, in its sole and absolute discretion, may determine, and may enforce or otherwise realize on any Collateral, all without obligation to marshal any security interest and without additional notice, presentation, demand or protest, all of which the Borrower hereby expressly waives (to the extent that such rights may be waived under Applicable Law).
- (c) Any sum received by the Holder at any time after an Event of Default has occurred and is continuing shall, subject to the terms of any inter-lender agreement, be applied to this Note, and such application is to be made in the following order with the balance remaining after application in respect of each category to be applied to the next succeeding category: (i) first, in or towards payment of any fees, costs or expenses due and payable in connection with the exercise by the Holder of its rights hereunder and under the GSA; (ii) second, to amounts due hereunder as interest (including Default Rate Interest, if any) and other amounts due hereunder other than with respect to the Principal Amount; (iv) third, to amounts due hereunder with respect to the Principal Amount; and (v) fourth, any excess shall be paid in accordance with the terms of any inter-lender agreement.

15. WAIVER BY THE BORROWER

The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Note. The Borrower also waives the benefit of any days of grace (except those set out in Section 13 hereof), the benefits of division and discussion and the right to assert in any action or proceeding with regard to this Note any setoffs or counterclaims which the Borrower may have against the Holder.

16. NO WAIVER BY THE HOLDER

No waiver of any provision of this Note or consent to any departure by the Borrower herefrom shall in any event be effective unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given and shall be subject to such conditions as the Holder may stipulate.

Neither the extension of time for making any payment which is due and payable under this Note at any time or times, nor the failure, delay, or omission of the Holder to exercise or enforce any of its rights or remedies under this Note, shall constitute a waiver by the Holder of its right to enforce any such rights and remedies subsequently. The single or partial exercise of any such right or remedy shall not preclude the Holder's further exercise of such right or remedy or any other right or remedy.

17. AMENDMENT

This Note may not be amended except as agreed in writing by both the Borrower and the Holder.

18. ASSIGNMENT

None of the Borrower's obligations hereunder may be assigned, delegated, conveyed or otherwise transferred without the Holder's prior written consent, which consent may be withheld in Holder's sole discretion.

19. ENTIRE AGREEMENT

This Note constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, superseding all prior negotiations, correspondence, understandings and agreements, if any, between the parties. There are no oral or implied agreements and no oral or implied warranties between the parties hereto other than those expressed herein.

20. SURVIVAL

All covenants, agreements, representations and warranties made herein and in any other instruments or documents delivered pursuant hereto shall survive the execution and delivery of this Note and shall continue in full force and effect so long as any of the amounts due hereunder are outstanding and unpaid.

21. FEES, EXPENSES AND INDEMNITY

- (a) The Borrower shall pay to the Holder a set up fee in an amount equal to three percent (3%) of the Principal Amount, which set up fee shall be deemed to be fully earned on the date of execution of this Note and is payable to the Holder from the proceeds of the advance of the Principal Amount.
- (b) Save for losses resulting from the Holder's gross negligence or willful misconduct, the Borrower shall indemnify and hold the Holder harmless from and against all losses (including judgments, penalties and fines) suffered, and pay or reimburse the Holder for all reasonable and documented out-of-pocket costs and expenses (including reasonable fees and disbursements of legal counsel to the Holder on a solicitor and own client basis) incurred by the Holder in connection with, arising out of, or in any way related to (i) this Note and the GSA (whether asserted by the Holder or the Borrower or any other Person), including the prosecution or defense thereof and any litigation or proceeding with respect thereto (whether or not, in the case of any such litigation or proceeding, the Holder is a party thereto); or (ii) any investigation, governmental or otherwise, arising out of, related to, or in any way connected with, this Note or the GSA.

22. HEADINGS

All headings used herein are used for convenience only and shall not be used to construe or interpret this Note.

23. SEVERABILITY

Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Note.

24. NOTICES

Any notice, consent, waiver, approval or other communication required or permitted to be given in connection with this Note (in this Section 24 referred to as a “**Notice**”) shall be made in writing and except as required or permitted by Applicable Law, shall be made by delivery or e-mail, addressed as applicable:

(a) to the Borrower, at:

1185781 B.C. Ltd.
1055 Canada Place, Unit 33
Vancouver, BC, V6C 0C3

Attention: Sai Chu, Chief Financial Officer
E-mail: schu@urthecast.com

(b) to the Holder, at:

1262743 B.C. Ltd.
3907 1788 Gilmore Avenue
Burnaby, BC, V5C 0L5

Attention: Scott Larson
Email: slarson@intllaunch.com

Any Notice received or sent after 5:00 p.m. local time on a day that is not a Business Day shall be deemed to have been given and received on the next Business Day.

Any party may, from time to time, change its address by giving a Notice to the other party in accordance with the provisions of this Section 24.

25. JUDGMENT CURRENCY

If for the purpose of obtaining judgment in any court or for any other related purpose hereunder, it is necessary for the Holder to convert an amount due hereunder in the currency in which it is due (the “**Original Currency**”) into another currency (the “**Second Currency**”), the rate of exchange to be applied in respect of such conversion shall be that at which, in accordance with normal banking procedures, the Holder could purchase the Original Currency with the Second Currency on the date which is one (1) Business Day preceding that day on which judgment is given. The Borrower agrees that its obligations in respect of any Original Currency due from it to the Holder hereunder shall, notwithstanding any judgment or payment in the Second Currency, be discharged only to the extent that on the Business Day following receipt of any sum so paid hereunder in the Second Currency the Holder is able to purchase the amount due in the Original Currency with the amount of the Second Currency so paid. If the amount of the Original Currency able to be so purchased is less than the amount originally due in the Original Currency, the Borrower agrees that the deficiency shall be a separate obligation of the Borrower to the Holder independent from its other obligations under this Note, and shall give the Holder a cause of action which shall continue in full force and effect notwithstanding any such payment or judgment and the Borrower agrees, notwithstanding any such payment or judgment, to keep indemnified and save harmless the Holder against any such loss or deficiency.

26. GOVERNING LAW/JURISDICTION

This Note is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia, and shall enure to the benefit of the Holder and its successors and assigns, and shall be binding on the Borrower and its successors (including by operation of law) and permitted assigns.

27. INDEPENDENT LEGAL ADVICE

Each of the parties hereto acknowledges, confirms and agrees that it has had the opportunity to seek and was not prevented or discouraged by any party hereto from seeking independent legal advice prior to the execution and delivery of this Note and that, in the event that any party did not avail itself with that opportunity prior to signing this Note, such party did so voluntarily without any undue pressure and agrees that such party's failure to obtain independent legal advice shall not be used by him/her/it as a defence to the enforcement of its obligations under this Note.

[signature page follows]

IN WITNESS WHEREOF this Note has been duly executed and issued by the Borrower as of the date set forth below.

DATED on the 27th day of August, 2020.

1185781 B.C. LTD.

by its authorized signatory:

A handwritten signature in black ink, appearing to read "Sai Chu", written over a horizontal line.

Name: Sai Chu
Title: Director

AGREED TO AND ACCEPTED by the Holder on the _____ day of August, 2020.

1262743 B.C. LTD.
by its authorized signatory:

Name:
Title:

Schedule "A"

GRID

DATE	AMOUNT ADVANCED	AMOUNT PAID	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY	INITIALS
August 27, 2020	US\$515,103.00*		US\$515,103.00		

* Includes 3% set-up fee.

Appendix E

LETTER AGREEMENT

August 27, 2020

1262743 B.C. Ltd.
3907 1788 Gilmore Avenue
Burnaby British Columbia
V5C 0L5

Attention: Scott Larson

Ladies and Gentlemen:

Reference is made to the secured term note dated August 27, 2020 pursuant to which 1262743 B.C. Ltd. (the "**Lender**") agreed to advance the principal sum of up to US\$1,000,000 (the "**Loan**") to 1185781 B.C. Ltd. (the "**Borrower**"), an indirect subsidiary of the undersigned.

In consideration of the Loan and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees as follows:

1. The undersigned agrees that, in connection with an application by the undersigned to the British Columbia Supreme Court for protection under the *Companies' Creditors Arrangement Act* (the "**CCAA Application**"), the undersigned will use commercially reasonable efforts to obtain a court order for interim financing (the "**DIP Financing**"), secured by a first priority charge over the assets of the undersigned and its relevant subsidiaries and affiliates, which DIP Financing would be used by undersigned to refinance the Loan.
2. The undersigned acknowledges that, following the Application, the Lender proposes to submit a "stalking-horse" bid of US\$10,000 per camera for each of the Borrower's two cameras on the International Space Station and the Borrower agrees to cooperate with the Lender in respect of such bids, including seeking approval of the British Columbia Supreme Court to carry out the terms of the "stalking-horse" bid in connection with the CCAA Application on terms customary to such proceedings.
3. For as long as any amounts are outstanding under the Loan or the DIP Financing, the undersigned agrees that it will not terminate any of Don Osborne, Sai Chu, Wade Larson, David Gebhardt, George Tyc, Peter Duggan, Neil Allyn or Christopher Rampersad without cause, without the approval of the Lender.
4. For as long as any amounts are outstanding under the Loan or the DIP Financing, the Lender will be entitled to appoint one nominee to act as an observer at meetings of the board of directors of the undersigned.
5. No term or provision hereof may be amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of the amendment, discharge or termination is sought.
6. This letter agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

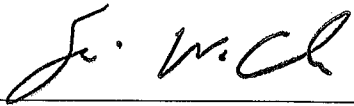
7. Neither the Lender nor the undersigned may assign or transfer this letter agreement or any interest herein without the prior written consent of the other party.
8. This letter agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
9. This letter agreement may be signed in one or more counterparts, each of which once signed will be deemed to be an original. All such counterparts together will constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart will be deemed to bear the effective date first written above. This letter agreement, any and all agreements and instruments executed and delivered in accordance herewith, along with any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or other means of electronic transmission, will be treated in all manner and respects and for all purposes as an original signature, agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[remainder left intentionally blank]

If you are in agreement with the foregoing, kindly sign and return to us the enclosed copy of this letter agreement.

Very truly yours,

URTHECAST CORP.

Per:  c/s

Name: **Sai W. Chu**
Title: **Chief Financial Officer**

Agreed to and accepted on this ___ day of _____, 2020 by 1262743 B.C. Ltd.

Per: _____ c/s
Name:
Title: