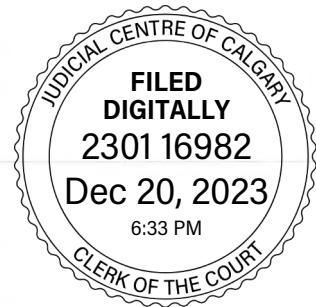


COURT FILE NUMBER 2301-16982
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

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

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
CANDESTO ENTERPRISES CORP., D3
INFRASTRUCTURE SERVICES INC. and
SAFE ROADS ALBERTA LTD.



APPLICANTS CANDESTO ENTERPRISES CORP., D3 INFRASTRUCTURE
SERVICES INC. and SAFE ROADS ALBERTA LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5
Telephone: (403) 351-2920
Facsimile: (403) 648-1151
Email: joliver@cassels.com / nthompson@cassels.com
File No.: 58965-1

Attention: Jeffrey Oliver / Natalie Thompson

AFFIDAVIT OF: MARIA KIM

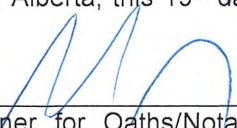
SWORN ON: December 19, 2023

I, MARIA KIM, of the City of CALGARY, in the Province of Alberta, SWEAR AND SAY THAT:


1. I am employed as a articling student with the firm of Cassels Brock & Blackwell LLP ("**Cassels**") and as such, have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I believe the same to be true.
2. Attached hereto and Marked as **Exhibit "A"** is a copy of a letter from Durisol Ltd. to Jan van Bruggen, Candesto Enterprises Corp., D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd., with enclosures, dated December 19, 2023.

3. I swear this affidavit in support of the relief sought by the Applicants and for no improper purpose.

SWORN BEFORE ME at the City of Calgary, in the)
Province of Alberta, this 19th day of December, 2023)



Commissioner for Oaths/Notary Public in and for)
Alberta)



MARIA KIM

DURISOL LTD.

December 19, 2023

Jan van Bruggen
Candesto Enterprises Corp., D3 Infrastructure Services Inc., Safe Roads Alberta Ltd.
29339 Hwy 2A, Crossfield, Alberta
T0M 0S0

RE: Debtor-in-Possession Financing

Dear Jan,

Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd. (collectively, the "**Borrowers**") have initiated restructuring proceedings under the *Companies' Creditor Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Court of King's Bench of Alberta (the "**Court**") has jurisdiction over such proceedings. Further, Alvarez & Marsal Canada Inc. ("**A&M**") is contemplated to be appointed as Monitor in the CCAA proceedings.

Based on the information provided by the Borrowers, Durisol Ltd. (the "**Lender**") is prepared to offer the Borrowers, on a joint and several basis, debtor-in-possession financing in the amount of up to \$1,400,000 (the "**DIP Loan**") according to the terms and conditions set forth in this letter of offer (the "**Letter of Offer**").

LOAN PURPOSE		FUNDING	
Financing only of the day-to-day expenses of the Borrowers in accordance with the cash flow projection approved and recommended by A&M and filed with the Court in support of the request for DIP financing (the " Cash Flow Projection "), attached hereto as Schedule "A" (the " Project "), subject to the terms and conditions of this Letter of Offer.	\$ 1,400,000	DIP Loan	\$ 1,400,000
	\$ 1,400,000		\$ 1,400,000

Neither the Project nor the terms and conditions of the DIP Loan may be changed without the prior written consent of the Lender. The amount of the DIP Loan may only be applied to this Project.

THIS IS EXHIBIT "A"
Referred to in the Affidavit of
Maria Kim
Sworn before me this 19
Day of December A.D., 2023
A Commissioner for Oaths in and for Alberta

Amount of Loan	\$1,400,000
Authorization Date	December 19, 2023
Term	<p>The term of the DIP Loan shall be that period commencing on the date of issuance of the DIP Order (as hereinafter defined) and ending on the earliest of (such ending date, the "Maturity Date"):</p> <ul style="list-style-type: none"> (a) June 30, 2024; (b) the termination of the CCAA proceedings; or (c) the occurrence of an Event of Default (as hereinafter defined).
Disbursement Procedure	<p>The DIP Loan shall be disbursed in weekly instalments based on the Cash Flow Projection. The Borrowers may request disbursements in increments of \$50,000.</p> <p>In addition to the conditions precedent and underlying conditions set forth in this Letter of Offer, the Borrowers agree that each disbursement shall be conditional upon the fulfilment of each of the following conditions to the satisfaction of the Lender:</p> <ul style="list-style-type: none"> (a) the Borrower shall have given the Lender, in the form set out in Schedule "B" attached hereto, a draw notice signed by an officer of the Borrowers confirming that the said disbursement falls within the Cash Flow Projection; and (b) A&M shall confirm that the disbursement requested in the draw notice is compliant with the terms and conditions of this Letter of Offer.
Repayment	<p>On the Maturity Date, the Borrowers shall repay the entire outstanding principal amount of the DIP Loan in full, together with any accrued interest, fees and expenses without deduction or set-off.</p> <p>During the Term, the Borrowers may repay any principal amount of the DIP Loan without penalty provided the minimum amount of any such repayment is no less than \$50,000. The amount of the DIP Loan shall automatically be reduced by the amount of such repayment and any repaid amount may not subsequently be reborrowed.</p>
Interest	Interest is payable monthly, at a rate of Eight and One Half Percent per annum (8.5%).
Payment of Interest	The Borrower shall pay the interest calculated monthly at the rate and in the manner set out in this Letter of Offer on the first Business Day of each month.

Security

As a specific and continuous guarantee of the performance by the Borrowers of all their obligations toward the Lender under this term sheet (including the payment of principal, interest, fees and any other sums), the Borrowers along with Barracades and Signs Ltd. agree to grant the following security:

- (a) a Court authorized first-ranking, valid, enforceable financing charge with priority over all creditors of the Borrowers, in an amount to match the anticipated draws required by the Borrowers from the Lender from time to time as prescribed by the Cash Flow Projection, which shall not exceed \$1,400,000 (the "**DIP Charge**") charging all the property, assets and undertakings of the Borrowers granted pursuant to the DIP Order (as hereinafter defined) that includes standard debtor-in-possession terms and conditions satisfactory to the Lender acting reasonably, pursuant to section 11.2 of the CCAA, as the case may be, subject only to an administration charge not to exceed \$500,000 (the "**Administration Charge**")

(collectively, the "**DIP Lender Security**")

- (b) a joint, several, irrevocable and unconditional guarantee (in the form and substance attached hereto), as primary obligor and not merely as surety for the full amount of the DIP Loan (\$1,400,000) by Barricades and Signs Ltd. further secured by a General Security Agreement and PPSA Registration

DIP Documentation

All documentation with respect to the DIP Loan, including the DIP Lender Security and DIP Order (as defined hereafter) (collectively, the "**DIP Loan Documentation**") shall be in form and substance acceptable to the Lender.

Conditions Precedent

Prior to any disbursement, the following conditions precedent will have been met in a manner satisfactory to the Lender at its sole discretion:

- (a) the Borrowers are subject to proceedings under the CCAA;
- (b) the Borrowers have obtained an order made by the Court (the "**DIP Order**") in form and content satisfactory to the Lender, which DIP Order shall include, among other things: (a) the approval of the DIP Loan and all the terms and conditions hereof; (b) authorizing the Borrowers to borrow on the terms and conditions outlined in this Letter of Offer and approving same; (c) creating various court-ordered priority charges including (i) the granting of the DIP Charge in favour of the Lender as security over all present and future

assets, property and undertaking of the Borrower notwithstanding the terms and conditions of any other agreement to which the Borrowers are a party; (ii) the granting of the Administration Charge not to exceed \$500,000 without the approval of the Court; (d) prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertaking of the Borrowers, without the prior written consent of the Lender; (e) granting the Lender the right, upon the Maturity Date, to enforce the rights and remedies available to it, upon five (5) days written notice to the Borrowers and to A&M and their respective legal counsel, pursuant to the DIP Order, this Letter of Offer, the DIP Lender Security, and any additional rights and remedies available to it, at law or in equity; (f) prohibiting any further borrowing by the Borrowers, without the prior written consent of the Lender; (g) authorizing (but not obligating) the Lender to effect such registrations, filings and recordings wherever the Lender in its discretion deems appropriate regarding the DIP Loan Documentation including the DIP Lender Security and the DIP Charge; (h) declaring that the granting of the security by the Borrowers provided for in the DIP Loan Documentation including the DIP Lender Security and the DIP Charge and the execution and delivery of all other documents and instruments contemplated herein, the payment of all amounts by the Borrower to the Lender, including any and all fees and interest, and the actions taken to perfect and record the DIP Lender Security do not constitute fraudulent preferences, fraudulent conveyances, transfers at undervalue, conduct meriting an oppression remedy, or other transactions which might be challenged or reviewed under applicable federal or provincial legislation; (i) declaring the DIP Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrowers, a proposal trustee, a monitor, a receiver, an interim-receiver, a receiver-manager or any other officer of the Court each a "**Receiver**"; (j) staying any other secured or unsecured creditor from exercising any rights against the Borrowers and its property, without further order of the Court; and (m) such other terms and conditions as the Lender may reasonably deem necessary or appropriate;

- (c) the DIP Order shall be in full force and effect; final and non-appealable; and shall not have been reversed, stayed, modified, amended or varied, without the express written consent of the Lender; and no application or motion shall have been made to the Court for any stay, modification or amendment of the DIP Order;
- (d) no Event of Default (as hereinafter defined) shall have occurred;
- (e) the Lender has received A&M's report pursuant to subsection 23(1)

of the CCAA with respect to the Cash Flow Projection. The conclusions of A&M's report shall be satisfactory to the Lender; and

- (f) the Borrowers shall have granted the DIP Lender Security.

Underlying Conditions

During the Term of the DIP Loan, the following underlying conditions shall be met in a manner satisfactory to the Lender at its sole discretion:

- (a) the Borrowers shall only use the DIP Loan for the purposes set out in this Letter of Offer, unless otherwise agreed to in writing by the Lender;
- (b) the Borrowers shall comply with any order made by the Court;
- (c) the Borrowers shall diligently continue its proceedings under the CCAA;
- (d) the Borrowers shall not pay any interest, dividends, salaries, remuneration, management fees or any other form of payments or distributions to the shareholders of the Borrowers without the prior written consent of the Lender, except for salaries paid in the usual and ordinary course of the Borrowers' business, with the prior approval of the Monitor;
- (e) the Borrowers shall comply with the financial projections set forth in the Cash Flow Projection;
- (f) the Borrowers shall provide such documents or information to the Lender as the Lender shall reasonably request, which shall be provided within a reasonable time according to the circumstances;
- (g) the Borrowers shall authorize A&M to disclose to the Lender any financial or other information of which it is aware pertaining to the Borrowers at the Lender's sole and unfettered discretion, further allowing for a review of any and all financial statements, instruments or otherwise upon five (5) business days' notice by the Lender;
- (h) the Borrowers shall provide written notice of an occurrence (an "**Occurrence**") of a default under a material contract to which the Borrowers are a party which is likely to have a material adverse effect or of an Event of Default (as defined below) together with any notice, letter or other document (a "**Default Notice**") received by the Borrowers from a third party advising of an Occurrence, within three days of the date of the Occurrence or of receipt of the Default Notice;
- (i) the Borrowers shall maintain the current insurance coverage over its assets and property and designate the Lender as loss payee as

its interest may appear; and

- (j) the Borrowers shall not sell, transfer, assign or deal in any way with any of its property, assets or undertaking out of the ordinary course of business, without the prior written consent of the Lender or an order of the Court.

Events of Default

In addition to the events of default set out in the DIP Lender Security, the following events shall constitute events of default (each, an **"Event of Default"**):

- (a) if the Borrowers fail to pay to the Lender when due any amount of principal, interest, fees or other amounts under the DIP Loan, whether by acceleration or otherwise;
- (b) if the Borrowers default in the observance or performance of any underlying condition or covenant contained in this Letter of Offer or the DIP Lender Security;
- (c) if the Borrowers deviate materially from the Cash Flow Projection;
- (d) if the Lender determines, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the any of the Borrowers;
- (e) if DIP Order is varied without the written consent of the Lender or any other order is made which is or may be prejudicial to the Lender's interests;
- (f) if the Borrowers fail to pay, when due, any statutory liens, trusts and other Crown claims including employee source deductions, GST and any payments required by any work place safety legislation, wages, vacation pay and insurance premiums;
- (g) if the stay of proceedings granted to the Borrowers pursuant to the restructuring proceedings under the CCAA, as the case may be, is terminated or lifted; or
- (h) if any person challenges the enforceability of any of the rights of the Lender hereunder or pursuant to any of the DIP Lender Security and any such challenge has not been dismissed or determined by the Court within the CCAA proceedings, as the case may be, within 15 days.

Remedies

Upon the Maturity Date, the Lender may immediately terminate the DIP Loan and enforce, upon five (5) Business Days written notice to the Borrowers and A&M, and A&M's legal counsel, all of its rights and remedies against the Borrowers and its property, assets and undertaking including, without limitation, the enforcement of the DIP Lender Security

and the ability to apply to the Court for the appointment of a Receiver; and all amounts outstanding under the DIP Loan shall immediately become due and payable without further notice, demand or delay.

Other Costs

In addition, any and all costs, charges, and expenses (including, without limitation, lawyers' fees as between solicitor and his own client, on a full indemnity basis, as well as accounting, appraisal, environmental and consulting fees) incurred by the Lenders in connection with the restructuring proceedings, the DIP Loan, the DIP Loan Documentation, the DIP Lender Security, the DIP Order, the DIP Charge, the enforcement of any rights and remedies regarding the aforementioned and the restructuring of the Borrowers including, are for the account of the Borrowers.

Governing Law

This Letter of Offer as well as the interpretation and exercise of the recourses hereunder shall be subject to and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

Solidary Liability

When there is more than one borrower, their obligations shall be solidary and each of them shall constitute a principal debtor.

Further Assurances

Upon notice from the Lender, the Borrowers shall sign (or cause to be signed) all further documents, do (or cause to be done) all further acts, and provide all reasonable assurances as the Lender may reasonably require to give effect to this Letter of Offer and the financing contemplated hereunder.

Amendments

This Letter of Offer may only be amended by a written agreement signed by the Lender and the Borrowers.

Counterparts

This Letter of Offer may be signed in any number of counterparts and by facsimile or portable electronic document format, each of which when taken together shall constitute one and the same original document.

Expiry Date

This Letter of Offer shall become null and void if it is not accepted by 4 p.m. (Calgary time) on December 19, 2023.

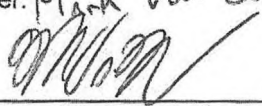
Thank you for giving us the opportunity to discuss our ability to meet your financing requirements. We look forward to continuing to work with you.

Yours truly,

Durisol Ltd.

Per:

Mark Van Bakel


I have authority to bind the corporation


ACCEPTANCE

To: **Durisol Ltd.**

We certify that all the information provided to the Lender is true, we accept the terms set forth herein and we acknowledge receipt of a copy of this Letter of Offer and the schedules forming part thereof.

Accepted on December ____, 2023.

CANDESTO ENTERPRISES CORP.

Per: 
Name: _____
Title: _____

D3 INFRASTRUCTURE SERVICES INC.

Per: 
Name: _____
Title: _____

SAFE ROADS ALBERTA LTD.

Per: 
Name: _____
Title: _____

Schedule "A"

CASH FLOW PROJECTION

DRAFT - FOR DISCUSSION PURPOSES ONLY

Candesto Enterprises Corp, D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.
Management Prepared 13 Week Cash Flow Forecast
For the period from December 20 2023 to March 15, 2024
unaudited, in CAD \$000's

	Notes	Week 1 22-Dec-23	Week 2 29-Dec-23	Week 3 5-Jan-24	Week 4 12-Jan-24	Week 5 19-Jan-24	Week 6 26-Jan-24	Week 7 2-Feb-24	Week 8 9-Feb-24	Week 9 16-Feb-24	Week 10 23-Feb-24	Week 11 1-Mar-24	Week 12 8-Mar-24	Week 13 15-Mar-24	Week 1 to Week 13
Cash Receipts															
Accounts receivable	1	65	-	-	-	-	-	91	52	12	-	-	-	-	219
Unbilled active projects	2	-	-	-	-	-	-	17	-	-	-	177	249	-	443
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		65	-	-	-	-	-	108	52	12	-	177	249	-	663
Operating Disbursements															
F2024 project costs	3	15	7	-	187	155	140	110	-	-	-	-	-	-	613
F2025 project costs	4	-	-	75	-	-	-	-	-	-	-	-	-	-	75
Payroll and benefits	5	-	86	-	48	-	86	-	78	-	70	-	62	-	430
Rent	6	-	-	15	-	-	-	-	15	-	-	-	15	-	45
Insurance	7	-	-	-	-	10	-	-	-	10	-	-	-	10	30
IT	8	-	3	2	-	3	-	-	2	3	-	-	2	3	16
Utilities	9	-	-	4	-	-	-	-	4	-	-	-	4	-	12
Other operating costs	10	-	8	26	-	6	-	-	10	6	-	-	10	6	71
Contingency	11	-	15	-	15	-	15	-	15	-	15	-	15	-	90
Total Operating Disbursements		15	117	122	249	174	241	110	124	19	85	-	108	19	1,382
Net Cash Flow from Operations		50	(117)	(122)	(249)	(174)	(241)	(1)	(72)	(7)	(85)	177	141	(19)	(719)
Non-Operating Disbursements															
Companies' Counsel's Fees	12	-	-	100	-	35	-	35	-	30	-	25	-	25	250
Monitor's Fees and Disbursements	12	-	-	100	-	50	-	50	-	50	-	40	-	40	330
Monitor's Counsel's Fees	12	-	-	50	-	20	-	20	-	20	-	20	-	20	150
Interim Financing Interest	13	-	-	-	-	-	-	6	-	-	-	9	-	-	15
Total Non-Operating Disbursements		-	-	250	-	105	-	111	-	100	-	94	-	85	745
Net Cash Flow		50	(117)	(372)	(249)	(279)	(241)	(112)	(72)	(107)	(85)	83	141	(104)	(1,464)
Opening Cash		301	351	235	13	63	85	43	81	109	102	17	100	241	301
Net Cash Flow		50	(117)	(372)	(249)	(279)	(241)	(112)	(72)	(107)	(85)	83	141	(104)	(1,464)
Interim Financing Advance/(Repayment)		-	-	150	300	300	200	150	100	100	-	-	-	-	1,300
Ending Cash		351	235	13	63	85	43	81	109	102	17	100	241	137	137
Opening Interim Financing balance		-	-	-	1,300	1,000	700	500	350	250	150	150	150	150	1,300
Advances		-	-	150	300	300	200	150	100	100	-	-	-	-	1,300
Repayments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Interim Financing balance		-	-	-	1,000	700	500	350	250	150	150	150	150	150	-

Unaudited cash flow forecast to be read in conjunction with the cash flow notes and the Proposed Monitor's report on the cash flow forecast

Candesto Enterprises Corp.,
D3 Infrastructure Services Inc.
and Safe Roads Alberta Ltd.

Jan Van Nieuwen
Director

Alvarez & Marsal Canada Inc., in its capacity as
Proposed Monitor of Candesto Enterprises Corp.,
D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.
and not in its personal or corporate capacity

Orest Konowalchuk, LIT
Senior Vice President

Candesto Enterprises Corp., D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.
(collectively, the "Companies")
Notes to Management Prepared 13 Week Cash Flow Forecast
For the period from December 20, 2023 to March 15, 2024

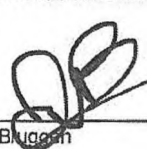
Disclaimer

In preparing this cash flow forecast (the "Forecast"), the Companies have relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of Canadian dollars.

- Note 1 Accounts receivable**
Forecast collections of invoiced amounts and holdback for completed projects.
- Note 2 Unbilled active projects**
Collections of unbilled progress payments and holdback for active projects.
- Note 3 F2024 project costs**
Costs related to ongoing projects which are expected to be completed by the end of the Companies' fiscal year ending January 31, 2024.
- Note 4 F2025 project costs**
Estimated payment of design and pre-fabrication costs related to the Companies' projects which are expected to commence in April 2024.
- Note 5 Payroll and benefits**
Salaries, wages, statutory remittances and benefits for salaried and hourly employees.
- Note 6 Rent**
Monthly rent payments for the Companies' two leased properties.
- Note 7 Insurance**
Monthly payment for equipment, vehicle and commercial general liability insurance policies.
- Note 8 IT**
Monthly payments to third-party providers for IT infrastructure and software.
- Note 9 Utilities**
Estimated monthly utility costs at the Companies' two leased premises.
- Note 10 Other operating costs**
Includes payment of monthly equipment and vehicle leases required for the ongoing operations of the Companies.
- Note 11 Contingency**
A bi-weekly contingency of \$15,000 has been included to account for possible unforeseen expenditures.
- Note 12 Professional Fees and Expenses**
Disbursements include forecast payments to the Companies' counsel, the Monitor and the Monitor's counsel. The respective professionals have been provided with a cumulative retainer of \$125,000.
- Note 13 Interim Financing Interest**
Forecast payments to be made to the interim financing lender. The interim financing agreement has not yet been finalized at this time.

Candesto Enterprises Corp.,
D3 Infrastructure Services Inc.
and Safe Roads Alberta Ltd.

Alvarez & Marsal Canada Inc., in its capacity as
Proposed Monitor of Candesto Enterprises Corp.,
D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.
and not in its personal or corporate capacity



Jan Van Buggen
Director

Orest Konowalchuk, LIT
Senior Vice President

Schedule "B"

DRAW NOTICE

To: **Durisol Ltd.**

RE: Debtor-in-Possession Financing

Dear Sir,

We refer you to the Letter of Offer of debtor-in-possession financing entered into on December 19, 2023 between Candesto Enterprises Corp., D3 Infrastructure Services Inc., and Safe Roads Alberta Ltd. as Borrowers and **[the Lender]**, as DIP Lender. Capitalized terms which are used but not defined in this draw notice have the meaning given to them in the Letter of Offer.

We confirm our draw notice concerning a disbursement as follows:


Amount of disbursement: \$

Disbursement date:


As of the date hereof, we confirm that the representations made or given in the DIP Loan are still true and accurate in all material respects, that the said disbursement falls within the Cash Flow Projection and that no Event of Default has occurred.

We also confirm the execution of the previous draw by each of the parties.

CANDESTO ENTERPRISES CORP.

Per: 
Name: _____
Title: _____

D3 INFRASTRUCTURE SERVICES INC.

Per: 
Name: _____
Title: _____

SAFE ROADS ALBERTA LTD.

Per: 
Name: _____
Title: _____