

ULC Opinion (British Columbia)

Additional paragraph for an opinion given to a lender where the security includes shares of a British Columbia Unlimited Liability Company ("ULC")

1. A court of competent jurisdiction in the Province of British Columbia (a "**BC Court**"), properly presented with the facts, would not find that the Lender was a shareholder of the **[Debtor]** simply by virtue of (i) the entering into, execution or delivery of the **[Security Agreement / Share Pledge Agreement]**, and (ii) the possession by the Lender or its nominee of any certificate representing any of the **[Pledged Shares]** and any stock power of attorney executed in blank as to the transfer of any of the **[Pledged Shares]**, provided that none of the Lender or its agent or nominee:
 - (a) delivered to the **[Debtor]** any certificate representing any of the **[Pledged Shares]** with any completed, executed stock power of attorney as to the transfer of any of the **[Pledged Shares]** or applied to have any of the **[Pledged Shares]** registered in the name of the Lender or its agent or nominee;
 - (b) held itself out as a shareholder of the **[Debtor]**;
 - (c) received dividends or property:
 - (i) from the **[Debtor]** by reason of the Lender or its agent or nominee holding any of the **[Pledged Shares]**; or
 - (ii) that a BC Court might otherwise consider to be a distribution to a shareholder; or
 - (d) acted or purported to act as a shareholder of the **[Debtor]** or exercised or attempted to exercise any rights of a member including, without limitation, the right to attend a meeting of the **[Debtor]** or to vote any of the **[Pledged Shares]**.

If upon:

(X) any **[Event of Default (as defined in the Credit Agreement)]**; and
(Y) the exercise of any of the rights and remedies under and pursuant to the **[Security Agreement / Share Pledge Agreement]**,

any of the **[Pledged Shares]** were transferred or assigned to the Lender or its agent or nominee such that the Lender or its agent or nominee were to become a shareholder of the **[Debtor]**, then if the **[Debtor]** were wound up, such shareholder would, together with other then existing shareholders of the **[Debtor]** and certain previous shareholders thereof, be liable to contribute to the assets of the **[Debtor]** to an amount sufficient for payment of its debts and liabilities and the costs, charges and expenses of the winding-up and for the adjustments of the rights of the contributors among themselves to the extent they are not satisfied by its assets upon such wind up.

Courts have, in certain circumstances, found persons who were not entered on a company's register of members to be shareholders of a company. These cases generally involve circumstances in which a person has subscribed for shares from the company but, for some reason, typically inadvertence, that person's name was not entered on the register of members, or in which persons have acted as would a shareholder or have held themselves out as a shareholder, or have otherwise participated in the company as a shareholder.

We express no opinion on whether the Lender would be found to be a member or shareholder of the **[Debtor]** by a BC Court if such person were to take any step to exercise its rights to enforce its security pursuant to the **[Security Agreement / Share Pledge Agreement]**.