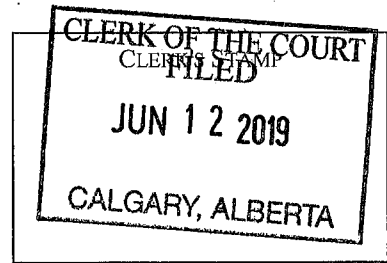


FORM 10
[RULE 3.25]



COURT FILE NUMBER 1901 - 08251
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONS FUND I, LLC
DEFENDANT BEARSTONE ENVIRONMENTAL SOLUTIONS
INC.
DOCUMENT STATEMENT OF CLAIM
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**
Barristers and Solicitors
#4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Ken Lenz, Q.C.
Telephone No.: 403-298-3317
Fax No.: 403-265-7219
Client File No.: 70927.7

NOTICE TO DEFENDANT

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

STATEMENT OF FACTS RELIED ON:

The Parties

1. The Plaintiff Nations Fund I, LLC ("**Nations**") is a corporation incorporated pursuant to the laws of Connecticut, extra-provincially registered and carrying on business in Alberta and elsewhere.
2. The Defendant, Bearstone Environmental Solutions Inc. ("**Bearstone**") is a corporation incorporated pursuant to the laws of the Province of Alberta.

The Indebtedness

3. Pursuant to a series of Loan and Security Agreements and a Revolving Loan and Promissory Note (the "**Loan and Security Agreements**"), between January 2017 and January 2019, the Plaintiff loaned in excess of \$10,000,000, exclusive of interest, to Bearstone, as Borrower. As of June 6, 2019, the sum of \$5,132,649.80 remains outstanding, plus interest and other charges thereafter (the "**Indebtedness**").

The Security

4. As security for repayment of the Indebtedness, the Defendant pledged and granted to the Plaintiff, a security interest in all of its present and after-acquired personal property pursuant to the Loan and Security Agreements.

The Defendant's Default

5. The Defendant has ceased or demonstrated an intention to cease carrying on business and has ceased meeting its obligations as they come due, constituting an Event of Default under the Loan and Security Agreements.
6. As a result of the Defendant's default, the Indebtedness (including but not limited to all principal, interest and costs) immediately became due and payable.
7. On June 6, 2019, the Plaintiff demanded that the Defendant repay the Indebtedness.
8. The Defendant has failed or neglected to repay the Indebtedness.

Remedies

9. The Loan and Security Agreement provide upon default all of the rights and remedies available under the Personal Property Security Act, R.S.A. 2000, c. P-7, including the appointment of a Receiver

Process

10. The Plaintiff proposes that the trial of this action be held at the City of Calgary, in the Province of Alberta and estimates that the trial of this action will take less than 25 days.

REMEDY SOUGHT:

11. As against the Defendant:

- (a) judgment in the amount of \$5,132,649.80, plus all other amounts owing in relation to the Indebtedness including, without limitation, all outstanding interest;
- (b) costs on a solicitor-client basis in accordance with the Loan and Security Agreements, or in the alternative, costs as the Honourable Court deems appropriate;
- (c) the appointment of KPMG Inc. as Receiver and Manager of all the property and assets of the Defendant; and
- (d) such further and other relief as this Honourable Court deems just appropriate.

NOTICE TO THE DEFENDANT

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a Statement of Defence or a Demand For Notice in the office of the Clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your Statement of Defence or a Demand for Notice on the Plaintiff's(s') address for service.

WARNING

If you do not file and serve a Statement of Defence or a Demand For Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the Plaintiff(s) against you.