March 7, 2013

Dear [Redacted]

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act - Our File Number: IBRD/2/2013

I am pleased to inform you that your request has been granted for: “The loan agreement between the province and Terra Nova Shoes regarding a contribution under the Business Attraction Fund, plus any revisions or amendments made to the agreement since.”

We have severed only a small amount of personal information pursuant to section 30.

Please be advised that section 44 of the Act provides that you may file a complaint with the Information and Privacy Commissioner if you are not satisfied with our response.

The address and contact information of the Information and Privacy Commissioner is as follows:

2nd Floor, 34 Pippy Place
P.O. Box 13004, Station A
St. John’s, NL
A1B 3V8
Telephone: (709) 729-6309 or toll-free 1-877-729-6309
Facsimile: (709) 729-6500, Email: oipc@gov.nl.ca

If you have any questions, please feel free to contact Tim Summers, the Access and Privacy Coordinator, at 729-4819 or by e-mail at tsummers@gov.nl.ca.

Yours sincerely,

BRENT MEADE
Deputy Minister
THIS AMENDING AGREEMENT made at the City of St. John’s, in the Province of Newfoundland and Labrador, effective this __th day of November, 2010.

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Business

(hereinafter called the “Lender”)

OF THE FIRST PART

AND:

TERRA NOVA SHOES ULC, a body corporate, continued under the Laws of the Province of Nova Scotia

(hereinafter called the “Borrower”)

OF THE SECOND PART

(Collectively “the Parties”)

WHEREAS:

1. Pursuant to the loan agreement dated July 17, 2008 (the “Loan Agreement”), the Lender and Borrower have agreed to certain terms and conditions in relation to the loan granted therein (the “Loan”); and,

2. The Borrower has requested and the Lender has agreed to certain amendments to the Loan Agreement as set forth herein.

NOW THEREFORE in consideration of the sum of One Dollar ($1.00) paid by each of the Parties hereto to the other and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

1. Definitions sub-clauses a. and b. of the Loan Agreement are DELETED in their entirety and replaced with the following sub-clauses:

   a. “Amending Agreement” means the agreement between the Lender and the Borrower effective November 20, 2010,

   b. “Bank Prime” means the prime lending rate as established by the Lender’s principal bank from time to time;

   c. “Guarantors” means Kodiak Group Holdings Co. and Williamson-Dickie Holding Co. and “Guarantor” means either one of them; and
d. "Province" means the Province of Newfoundland and Labrador.

2. Clause 4 of the Loan Agreement is DELETE in its entirety and replaced with the following Clause 4:

   4. The Borrower shall have the privilege when not in default in any of its obligations contained in this Loan Agreement on thirty days written notice, but without premium or penalty, of prepaying all or any part of the monies advanced pursuant to the Loan. Notwithstanding the above, by mutual agreement of the parties, the Borrower shall, within 30 days of the effective date of the Amending Agreement, prepay on the principal money outstanding under the Loan the amount of One Million ($1,000,000.00) Dollars and the balance outstanding shall be reduced accordingly.

3. Clause 21 of the Loan Agreement is AMENDED to add a new sub clause (o) as follows:

   o. The Borrower covenants with the Lender that it will not, without obtaining the approval of the Lender:

      i. while monies remain outstanding on the Loan, make any payment in respect of principal, interest or pay any dividends in relation to any shareholder or other loans whether accrued, due or becoming payable to Kodiak Group Holdings Co. and Kodiak Terra USA, Inc.

4. Clause 24 of the Loan Agreement is DELETE in its entirety and replaced with the following Clause 24:

   24. Financial Statements and Employment Commitments

   (i) The Borrower shall provide to the Lender copies of its quarterly (not later than 30 days after quarter end) and annual (not later than 90 days after fiscal year end) audited financial statements.

   (ii) The Borrower shall provide to the Lender a report on full-time permanent positions as calculated in Part "C" of Schedule "A" on a quarterly (not later than 30 days after quarter end) and annual (not later than 90 days after fiscal year end) basis.

5. Schedule A of the Loan Agreement is DELETE in its entirety and replaced with the new Schedule A as attached to this amending agreement.

6. Except as amended and provided herein, all other terms of the Loan Agreement are hereby ratified and confirmed in every respect.
7. This amending agreement may be executed in one or more counterparts, together constituting one document.

SIGNED, SEALED and DELIVERED by the Lender and its seal affixed in the presence of:

Witness

SIGNED, SEALED and DELIVERED by the Borrower and its corporate seal affixed in the presence of:

Witness

HER MAJESTY IN RIGHT OF NEWFOUNDLAND & LABRADOR as represented by the MINISTER OF BUSINESS:

TERRA NOVA SHOES ULC:

Sec 30
SCHEDULE “A”

A. Flow of Funding

Funding under the Loan shall be advanced in accordance with the following:

<table>
<thead>
<tr>
<th>MILESTONE EVENT</th>
<th>DISTRIBUTION AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of New Building Extension</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Signing of Contract for Construction</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>Building Extension (50% Completion)</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Building Extension (Completion)</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Movement/Installation of Equipment</td>
<td></td>
</tr>
<tr>
<td>Desma Machine</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Remaining Equipment</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Decommissioning of Other Manufacturing Operations</td>
<td>$ 1,500,000</td>
</tr>
<tr>
<td>Completion/Operation of Harbour Grace Expansion</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>Verification of $8.0 Million Expenditure</td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 8,000,000</td>
</tr>
</tbody>
</table>

* Verification Required as per Clause 22 of this Loan Agreement.

B. Repayment

Repayment of the Loan will be on a lump sum basis (and submitted with the annual audited financial statements per Clause 24) in accordance with the following governing principles:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PERCENTAGE OF PROFITS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 (July 17, 2008 to December 31, 2010)</td>
<td>0%, with the exception of the payment of $1,000,000 made per clause 4 (not made on a percentage of profits basis)</td>
</tr>
<tr>
<td>3 (January 1, 2011 to December 31, 2011)</td>
<td>10%</td>
</tr>
<tr>
<td>4-5 (January 1, 2012 to December 31, 2013)</td>
<td>20%</td>
</tr>
<tr>
<td>6-10 (January 1, 2014 to December 31, 2018)</td>
<td>Greater of Balance Then Remaining in equal installments or 20% of Profits</td>
</tr>
</tbody>
</table>

* Verification Required as per Clause 22 of this Loan Agreement.

* “Profits” means net earnings, PLUS any amounts for depreciation, amortization, and future component of income tax expense LESS any principal payments on long-term debt. The Lender reserves the right to disallow amounts where, in the opinion of the Lender, such amounts as claimed are deemed by the Lender in its sole discretion to be unreasonable or disproportionate.
C. **Employment Commitments**

The Borrower has committed to maintain at the Harbour Grace, NL facility, an annual minimum employment commitment of 85-110 full-time permanent positions (calculated according to subsection (iii) below).

(i) The annual minimum employment commitment established above is to be achieved by December 31st of each year and verified pursuant to clause 22 of the Loan Agreement. The Borrower shall report on the status of full-time permanent positions pursuant to clause 24 of the Loan Agreement.

(ii) Failure of the Borrower to meet the annual minimum employment commitment shall be sufficient cause for the Lender, at its discretion, to declare the Loan to be in default and to demand forthwith payment of any principal or interest then outstanding. This subsection (ii) will not apply in event of destruction of the Plant or equipment.

(iii) For the purposes of this Part C, the annual minimum employment commitment of 85-110 full-time permanent positions shall be calculated in “person years” with 2,080 hours of paid time in a calendar year (whether regular or overtime hours) representing 1 (one) person year, i.e., 85-110 full time permanent positions will equate to $85 \times 2,080 = 176,800$ hours to $110 \times 2,080 = 228,800$ hours of paid time per calendar year.
LOAN AGREEMENT

THIS LOAN AGREEMENT made at the City of St. John's, in the Province of Newfoundland and Labrador, this 17th day of July, 2008.

BETWEEN:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Business,

(hereinafter called the "Lender")

OF THE FIRST PART

AND:

TERRA NOVA SHOES ULC, a body corporate, continued under the laws of the Province of Nova Scotia

(hereinafter called the "Borrower")

OF THE SECOND PART

WHEREAS:

1. The Borrower has requested a loan from the Lender in the amount of Eight Million Dollars ($8,000,000) (the "Loan") and the Lender has agreed to make the Loan available to the Borrower on the terms and conditions herein contained.

2. The Loan is to enable the Borrower to consolidate its manufacturing operations by improving and expanding its property at Harbour Grace, NL (the "Property") comprised of its manufacturing plant (the "Plant") and existing equipment and to acquire additional equipment for use in the Plant (collectively the "Project").

3. The Loan is made available by the Lender to the Borrower to enable the Borrower to carry out the Project and the Borrower shall use all proceeds advanced under the Loan for the Project and for no other purpose.

NOW THEREFORE in consideration of the sum of One Dollar ($1.00) paid by each of the parties hereto to the other and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

DEFINITIONS

In this Loan Agreement,
a. "Guarantors" means Kodiak Group Holdings Co. and Williamson-Dickie Holding Co. and "Guarantor" means either one of them; and,

b. "Province" means the Province of Newfoundland and Labrador.

**LOAN**

1. a. This Loan will be advanced in installments made from time to time. The Borrower undertakes to repay to the Lender the principal sum, as and when such is fully advanced pursuant to this Loan Agreement, of **Eight Million Dollars ($8,000,000)** in lawful money of Canada, representing a loan with interest at the rate prescribed in Clause 3, and the aggregate being the amount of the loan made by the Lender to the Borrower pursuant to this Loan Agreement. This sum shall remain in the possession of the Lender until a guarantee respecting the loan has been obtained from Kodiak Group Holdings Co. and Williamson-Dickie Holding Co., (each jointly and severally referred to as the "Guarantor") and shall be advanced in accordance with the terms as expressed in Schedule A and herein. The amount and date of each or any advance shall be left to the discretion of the Lender until such time as the Lender is satisfied that all terms and conditions of this Loan Agreement have been complied with. Neither the execution nor registration of this Loan Agreement, nor the advance of part of the said sums shall bind the Lender to advance the said sums or any unadvanced part thereof, and the advance of the said sums or any part thereof from time to time, shall be in the sole discretion of the Lender.

b. If the Borrower is in default of any of the material terms of this Loan Agreement before the Loan has been fully advanced, the Lender may, in its absolute discretion, without notice and without prejudice to any other rights and remedies it may have in the circumstances, close out the Loan at the amount that has already been advanced, establish the interest date and repayment terms immediately in accordance with the provisions of Clause 5 as of the date of default, or treat the Loan as being null and void, if on that date, no advances have been made pursuant to this Loan Agreement. Without limiting the generality of the foregoing, this shall apply in the event of default in the making of payments. In the event of default of a material term, the Borrower shall have five (5) days following written notice to cure such default prior to any termination by the Lender.

c. The Borrower covenants and agrees with the Lender that the Borrower will not convey, transfer or assign the assets comprised of the Property, Plant or Project or otherwise dispose of its interest in this project and the lands which are the subject of this approval, to an assignee or transferee not previously approved, in writing, by the Lender.

d. All advances made under the Loan shall be evidenced by a promissory note executed by the Borrower and may be consolidated into one note on the advancement of the Eight Million Dollars ($8,000,000).

**TERM**
2. This Loan is made for a maximum term of 10 year(s) from the date of the last advance and in any event not later than December 31, 2008.

REPAYMENT

3. The amount of principal money advanced on this Loan is the sum paid to the Borrower as aforesaid and the rate of interest chargeable thereon is zero (0) per centum (%) per annum compounded semi-annually not in advance while the Loan is not in default as noted below. Throughout the term of this Loan, the principal money advanced, with interest at the rate aforesaid, is payable in accordance with Schedule A.

4. The Borrower shall have the privilege when not in default in any of its obligations contained in this Loan Agreement on thirty days' written notice, but without premium or penalty, of prepaying all or any part of the monies advanced pursuant to the Loan.

5. Interest shall not be chargeable while the Loan is not in default. In the event of a default under Clause 34, the Loan shall accrue interest at the rate of Prime plus 5% from the date of the default until the default is remedied to the satisfaction of the Lender or the Loan is otherwise repaid in full.

PLACE OF PAYMENT

6. Any sum payable to the Lender shall be paid in lawful money of Canada at the Lender's place of business, the address of which is given below in Clause 36, or at any other place indicated in writing by the Lender to the Borrower.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

7. The Borrower shall furnish to the Lender copies of resolutions of the Board of Directors of the Borrower in a form satisfactory to the Lender authorizing the borrowing contemplated by this Loan Agreement, the execution and delivery of this Loan Agreement and the security set forth in Clause 18 of this Loan Agreement, all certified by the secretary of the Borrower or another authorized officer of the Borrower.

8. The Borrower is a corporation legally incorporated, duly organized and validly existing, in good standing under the laws of the jurisdiction of its incorporation and is qualified to carry on its business in all jurisdictions where the nature of its business or the character of its properties make such qualification necessary.

9. The Borrower is in compliance with all laws of Newfoundland and Labrador having application and all other jurisdictions in which the Borrower operates.
10. The borrowing of money by the Borrower and the execution, delivery and performance of this Loan Agreement and the security set forth herein are within the corporate powers and capacities of the Borrower and have been duly authorized by proper corporate proceedings.

11. There are no actions, suits or proceedings pending or to the knowledge of the Borrower threatened against or adversely affecting the Borrower in any court or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau or agency, Canadian or foreign which might materially affect the financial condition of the Borrower or the title to its property or assets.

12. The execution and delivery of this Loan Agreement, the consummation of the transactions contemplated by this Loan Agreement, the execution and delivery to the Lender of the security set forth herein, and the compliance with the covenants, terms, provisions and conditions of this Loan Agreement will not conflict with or result in a default of any of the terms or provisions of the constating documents or by-laws of the Borrower, any resolution of the directors or shareholders of the Borrower, any laws of Canada or a province, governing the Borrower, or any agreement or instrument to which the Borrower is now a party or which purports to be binding on the Borrower or its property and assets.

13. This Loan Agreement and all other deeds, documents or instruments to be delivered pursuant to this Loan Agreement will, when executed and delivered, constitute valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms, except as may be limited by other deeds, documents or instruments delivered pursuant to this Loan Agreement, or by applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting the enforcement of creditors’ rights.

14. The borrowing of money under this Loan Agreement and the execution and delivery of this Loan Agreement do not require the consent or approval of, or registration of any other party including shareholders of the Borrower.

15. All balance sheets, earnings statements and other financial data, which have been or shall be furnished to the Lender to induce the Lender to enter this Loan Agreement or otherwise in connection with this Loan Agreement have been or will be prepared in accordance with Canadian generally accepted accounting principles and do or will fairly present the financial condition and the results of the operations of the Borrower, and all other information, certificates, schedules, reports and other papers and data furnished by the Borrower are or will be at the time they are so furnished, accurate and complete in all material respects.

16. In the opinion of the Lender, no material adverse change has occurred in the business or condition of the Borrower since the offer of financing was extended by the Lender, namely December 6, 2007.

17. The Borrower has good and marketable title to all its property and assets free and clear of any mortgage, charge, pledge, lien or other encumbrance, except as identified by the Borrower in writing to the Lender.
SECURITY

18. As a continuing collateral security for the payment of all advances made under the Loan and interest and all other monies payable pursuant to this Loan Agreement the Borrower shall deliver to the Lender the following, all in form and content satisfactory to the Lender:

a. Promissory Note (duly executed);
b. General Security Agreement (duly executed); and
c. Guarantee (duly executed by each of the Guarantors).

18.1 The Borrower shall provide to the Lender, and within 30 days of the execution hereof, a Collateral Mortgage, substantially the same as that appended as Schedule "B" to this Loan Agreement, and providing security over the real property of the Borrower situate at Harbour Grace, NL.

USE OF PROCEEDS OF THE LOAN

19. The proceeds of this loan shall be used exclusively by the Borrower for the Project.

20. The Borrower undertakes:

a. To insure under terms and conditions as may be required by the Lender, and to keep insured at its full insurable value, at its own expense, against losses or damage due to fire and other risks and hazards, as the Lender may require, the buildings already built or renovated or any buildings that may subsequently be built or renovated on the Property, as well as the assets comprising the Plant and Project. The Lender shall be named as an additional insured.

b. To transfer the benefits of any insurance policies on the said buildings to the Lender and to deliver copies of the said policies to it.

c. To deliver to the Lender, at least thirty (30) days before the expiry of a policy, proof that the policy has been renewed or replaced and that the premiums have been paid.

d. To maintain sufficient and appropriate insurance coverage during any period of construction and during the term of this Loan Agreement.

e. In the event of failure by the Borrower to fulfill any of its above obligations, the Lender may itself insure the said buildings and claim from the Borrower immediate repayment of the premiums paid, with interest from the date of payment at the rate stipulated in Clause 5 above, without prejudice to any of its other rights and remedies.

f. The Borrower shall notify the Lender of any material loss or damage to the buildings as soon as the said loss or damage has been assessed and shall expeditiously repair said loss or
damage to return the buildings to an operational state consistent to commitments provided herein.

g. In the event of a claim arising, the compensation recoverable shall belong to and be paid directly to the Lender by the Borrower or its insurance company to the extent of the amount then owing to the Lender, even if the policies have not been issued or transferred to the Lender.

h. The Borrower shall immediately authorize the insurers to make a final settlement, without its intervention, of any claims or to make any arrangements directly with the Lender. Where applicable, the Borrower shall take all necessary measures, immediately after any loss or damage, to ensure that the Lender obtains payment of the compensation recoverable. Moreover, the Lender expressly reserves the right, at its sole discretion, to allocate the compensation in whole or in part to the payment of its debt or to use it to pay the cost of reconstructing or repairing the buildings, without its rights being affected in any manner whatsoever in either case.

i. The loss under all insurance will be payable to the Lender and the Borrower will cause to be affixed to each policy of insurance a mortgage clause or mortgage endorsement in form satisfactory to the Lender and providing for a minimum of thirty days' written notice to the Lender of cancellation or lapse.

**UNDERTAKINGS OF THE BORROWER**

21. The Borrower undertakes the following:

a. Throughout the term of this loan, the Borrower shall keep the buildings in good repair and shall make all necessary repairs; the representatives of the Lender may request inspection of them as reasonably required on provision to the Borrower of twenty-four (24) hours advance notice.

b. The Borrower consents in advance to the granting, where necessary, of any permits that may be required for such inspection.

c. The Borrower undertakes to take reasonable and proper care of the buildings, ordinary wear and tear excepted.

d. The Borrower will give the Lender prompt written notice of any material adverse change in the condition or business of the Borrower, financial or other, or of any material loss, destruction or damage to any property secured.

e. The Borrower will cause this Loan Agreement, General Security Agreement and any other instruments of conveyance or assignment effected pursuant to this Loan Agreement to be and remain registered, recorded or filed from time to time in a manner and places as may in the opinion of the Lender be of advantage in perfecting the security and will furnish to the Lender evidence satisfactory to it of registration, recording and filing.
f. The Borrower will diligently maintain, use and operate or will cause to be maintained, used or operated, the property and assets which are mortgaged or charged and will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the property and assets of the business and its earnings, incomes, rents and profits.

g. The Borrower will duly and punctually pay to the Lender, the principal, accrued interest and all other monies payable on the dates, at the place, in the monies and in the manner mentioned in this Loan Agreement.

h. The Borrower will pay or reimburse the Lender for all costs, charges and expenses (including legal fees) incurred by the Lender in connection with the efforts of the Lender to effect recovery under this Loan Agreement or any security taken in pursuance of this Loan Agreement, including all costs, charges and expenses in connection with the recovery or enforcement of payment of monies advanced under the Loan, together with interest at the rate set out above.

i. The Borrower will maintain at all times proper records and books of account and make true and correct entries in the records of all dealings and transactions relating to its business.

j. The Borrower will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed under any law or regulation of Canada, the Province of Newfoundland and Labrador, or any other province where its assets may be located, or any municipality, for the purpose of creating and maintaining the security provided for in this Loan Agreement.

k. The Borrower will do all acts that are necessary to maintain its existence under the laws of the jurisdiction of its incorporation and will obtain, renew and maintain in full force and effect all authorizations, approvals, consents, licences, permits and exceptions as may be required to enable it to observe and perform the obligations on its part to be performed under this Loan Agreement and all agreements and security delivered in connection with or incidental to this Loan Agreement.

l. The Borrower will do all acts that are necessary to maintain its existence under the laws of the jurisdiction of operations and will obtain, renew and maintain in full force and effect all authorizations, approvals, consents, licences, permits and exceptions as may be required to enable it to observe and perform the obligations on its part to be performed under this Loan Agreement and all agreements and security delivered in connection with or incidental to this Loan Agreement.

m. The Borrower will give the Lender written notice of the occurrence of any material litigation, proceeding or dispute affecting the Borrower and will provide to the Lender all reasonable information requested by the Lender concerning the status of the litigation, proceeding or dispute.
n. The Borrower covenants with the Lender that it will not, without obtaining the approval of 
the Lender, such approval not to be unreasonably withheld:
   i. sell, lease or transfer or otherwise dispose of all or a substantial part of its assets;
   ii. do any act which could adversely affect the ranking or validity of the security 
       interests created, granted or intended to be created or granted to the Lender, or
   iii. change the general nature of the business of the Borrower.

ADDITIONAL UNDERTAKINGS

22. Audit and Verification
   a. The Borrower shall permit the Lender or its representatives or agents access to the records 
of the corporation at such times and under such circumstances as the Lender deems 
appropriate in order to determine or verify compliance with the terms of this Loan 
Agreement or its ancillary documents. The Borrower shall provide such documentation as 
the Lender may require in order to verify and confirm expenditures related to the Loan at 
the Harbour Grace, NL facility.
   b. The Borrower shall provide an audited financial report certifying compliance with this 
Loan Agreement.
   c. The Borrower will permit any person designated by the Lender in writing to visit and 
inspect the Property, corporate books and financial records of the Borrower and to discuss 
the affairs, finances and accounts of the Borrower with the principal officers of the 
Borrower at all reasonable times and as often as the Lender may reasonably request.
   d. Any audits or verification required by the Lender shall be performed by the corporate 
auditor appointed to audit the Borrower’s financial statements. The audited financial 
statements shall contain: on a continuing basis (i.e. annually), the calculation of amounts as 
may be due to the Lender and confirmation of target employment commitments, within 90 
days of the fiscal year end of the Borrower; on a one time basis, verification of disposition 
of the Loan proceeds of Eight Million Dollars ($8,000,000) per the commitments herein, 
within 45 days after completion/operation of the Harbour Grace expansion.
   e. The Borrower agrees to provide to the Province on an annual basis details of any transfer 
pricing agreements in place between the Borrower and either or both of the Guarantors or 
any other affiliates or related companies. All such transfer pricing agreements shall be fair 
and reasonable. The Lender shall have the right, but not the obligation, to request such 
further or other information as it deems necessary in order verify the reasonableness of 
those agreements.

23. Continued Operations

GNL REVISION 160608 (BL)
The Borrower covenants that it shall continue operations in the Province for a minimum period of ten (10) years from the execution hereof, failing which the Lender may declare the Loan to be in default and demand immediate payment of any principal or interest then outstanding. The Borrower shall remain registered and in good standing in the Province of Newfoundland and Labrador.

24. **Financial Statements**

The Borrower shall provide to the Lender copies of its quarterly (not later than 30 days after quarter end) and annual audited financial statements (not later than 90 days after fiscal year end).

25. **Covenant Calculations**

The Borrower shall provide to the Lender copies of: all covenant calculations, etc. provided to any other lender or security holder for any debt instruments; notice of covenant breaches (if any) as they occur; and, as well as an accounting of the assets over which the Lender has security.

26. **Local Preference**

To the extent possible, the Borrower will source construction, materials and services related to the expansion of facilities within the Province. Additionally, the Borrower shall, to the extent possible, maximize research and development opportunities within the Province.

27. **Executive Contracts**

The Borrower shall require and shall provide to the Lender copies of employment contracts for key executives, as directed by the Lender.

28. **Waiver**

The Borrower shall require its secured and subordinated debt holders to acknowledge the Lender's investment and confirm that the Borrower and none of their subsidiaries are in breach of any debt covenants, or alternatively, will agree to waive any and all covenant breaches prior to the Province advancing any funds further to the Loan.

29. **Expansion**

The Borrower shall not restart or commence footwear manufacturing operations at facilities in another Canadian location within 10 years from the date of execution of this Loan Agreement, excepting new acquisitions of existing companies or their assets, provided production is not increased based on the preceding 12 months average volume and the Borrower commits to first explore options and make best efforts to consolidate such operations into the Harbour Grace, NL operation.
USE

30. a. The Borrower may not, except as is contemplated by this Loan Agreement, make or authorize any material alterations or additions to the buildings without the consent of the Lender and shall not use them or permit them to be used for purposes unrelated to the purposes stipulated under this Loan Agreement or its ancillary documents.

b. The Borrower shall comply with all applicable enactments of any legislative authority that apply to the Property, Plant or Project, including those relating to zoning, use, health, safety and environmental protection.

c. The Borrower shall permit the Lender, the assigns of the Lender or any person designated by the Lender to test, inspect or evaluate the buildings or the lands or to conduct a site assessment in order to determine whether there has been a breach of any enactment, particularly any enactment concerning environmental protection. If there is a breach of an enactment, the Lender may take such action as is necessary to ensure compliance with the enactment.

d. The Borrower acknowledges that by taking action, the Lender assumes no responsibility for the breach of the enactment.

e. The Borrower shall reimburse the expenses that the Lender incurred in taking such action.

REIMBURSEMENT OF EXPENSES

31. Any sums paid by the Lender for maintenance of the premises, insurance premiums, or legal fees, as well as any other sums payable by the Borrower which the Lender decides it should itself pay or which the Lender pays pursuant to the terms of this Loan Agreement (otherwise than in the form of an advance) or to protect its security, shall be payable or repayable forthwith by the Borrower, without any notice, and shall bear interest at the rate of Prime plus 5% from the date of the payment of such sums by the Lender.

NOTICE OF DEFAULT

32. The expiry of the time provided for the performance of an obligation shall place the Borrower into default, without the Lender being required to give any notice of same.

33. The Borrower will give the Lender written notice of any event of default immediately on the occurrence of such an event.

DEFAULT
34. The Borrower shall be deemed to be in default of the material terms of this Loan Agreement in each of the following circumstances, without prejudice to any other grounds of default stipulated herein or provided for by law:

a. if the Borrower defaults in payment or performance of any of the obligations under this Loan Agreement and in particular, without limiting the generality of the foregoing, the covenants and obligations as set forth in Schedule A;

b. if the Borrower persistently disregards the legislation of Canada or the Province;

c. if the Borrower defaults in making any payment hereby required or in performing or complying with any covenant, undertaking, condition or obligation contained herein or in any other agreement between the Borrower and the Lender, or if any of the warranties of the Borrower contained herein or in any other agreement between the Borrower and the Lender are or become untrue;

d. if any order is made or a resolution passed for the winding-up of the Borrower or if a petition is filed under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended or replaced, against the Borrower or an authorized assignment for the benefit of creditors is made by it or if a receiver or agent is appointed by or on behalf of a secured creditor of the Borrower or if an application is made under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended or replaced, or if a proposal is made by the Borrower to its creditors under the Bankruptcy and Insolvency Act;

e. if the Borrower voluntarily commences proceedings for the winding up of the corporation;

f. if an encumbrancer, whether permitted or otherwise, takes possession of or seizes any part of the collateral, or if any process of a court, execution, distress, or analogous process becomes enforceable or is enforced against any of the collateral and the Borrower is not instituting proceedings to vacate or lift the said execution, distress or court process;

g. if the Borrower terminates, abandons or ceases or threatens to terminate, abandon or cease to carry on its business, commits any act of bankruptcy, becomes insolvent, proposes a compromise or arrangement to its creditors or makes an unauthorized sale in bulk of its assets;

h. if any Guarantor of the Borrower to the Lender is(are) in default under its guarantee to the Lender;

i. if the Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the obligations is or is about to be impaired or that the collateral is or is about to be placed in jeopardy; or

j. the occurrence of loss, theft, damage or destruction of the collateral not covered by adequate insurance containing a loss payable clause for the protection of the collateral, as its interest may appear.
k. if the statements of the Borrower in this Loan Agreement or in any documents provided to the Lender for purposes of this Loan are false in whole or in part.

In the event a Borrower is in default of the material terms of this Loan Agreement, the Lender may inform the Guarantor of the default situation and demand the Guarantor make payment pursuant to its guarantee.

CUMULATIVE REMEDIES

35. All rights and remedies of the Lender arising out of this Loan Agreement and the Guarantee given respecting the loan are cumulative, with the result that the exercise of one of them by the Lender does not deprive it of the ability to exercise any of the others.

NOTICE

36. Notices shall be sent to the following addresses:

In the case of the Borrower to:

Terra Nova Shoes ULC
c/o Kodiak Group Holdings Co.
415 Thompson Drive, Cambridge, ON N1T 2K7
Attention: President ______

Telephone: 905.567.0030
Telexropyer: 905.567.0800

In the case of the Guarantors:

Kodiak Group Holdings Co.
415 Thompson Drive, Cambridge, ON N1T 2K7
Attention: President

Telephone: 905.567.0030
Telexropyer: 905.567.0800

Williamson-Dickie Holding Co.
319 Lipscomb Street, Fort Worth, TX 76104
Attention: Vice President and General Counsel

Telephone: 817.810.5105
Telexropyer: 817.878.6405

In the case of the Lender to:
DECLARATION OF THE BORROWER

37. The Borrower hereby warrants that the lands described herein are unencumbered and the Borrower undertakes not to encumber such lands as long as there are any sums still owing to the Lender hereunder.

CONSTRUCTION

38. If this Loan is made for the purpose of assisting in the construction or renovation of the buildings described herein above, the Borrower must, in addition to the various obligations set out in preceding clauses, comply with the following obligations:

a. Complete, with its surroundings and outbuildings, the building to be erected or complete the renovations agreed upon with the Lender, and to install and pay for all items or fixtures provided for in the plans and specifications approved by the Lender and pay all workmen, materials suppliers, and contractors;

b. Perform this work in a professional manner, with reasonable diligence and in strict compliance with the said plans and specifications. The Borrower undertakes to perform this obligation to the complete satisfaction of the Lender and in accordance with any building code or other requirements having application; and

c. Consent in advance, for all purposes of this clause and where necessary, of any permit that may be required by the Lender for the purpose of verifying the performance by the Borrower of the above-mentioned obligations.

AMENDMENTS

39. It is agreed that this Loan Agreement can be amended only with the approval of the Lender.

INTERPRETATION

40. Where the context so requires, any word in the singular also includes the plural, and vice versa; any word in the masculine form also includes the feminine.
41. The Borrower agrees to provide such other or additional documentation as is necessary to give effect to this Loan Agreement. The Borrower covenants that it will execute or cause to be made, done or executed, all further and lawful acts, deeds, things, devices, conveyances and assurances whatsoever for effecting the purposes and intent of this Loan Agreement as counsel for the Lender shall reasonably advise or request.

42. Any provision of this Loan Agreement which is or becomes prohibited or unenforceable in any jurisdiction shall not invalidate or impair the remaining provisions of this Loan Agreement which shall be deemed severable from the prohibited or unenforceable provision and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable that provision in any other jurisdiction.

43. Any default by the Borrower of any of the provisions contained in this Loan Agreement or any default by the Borrower in the observance or performance of any covenant or condition required to be observed or performed by the Borrower hereunder, may only be waived by the Lender in writing, provided that no such waiver by the Lender shall extend to or be taken in any manner to affect any subsequent default or the rights resulting therefrom.

44. This Loan Agreement may be executed in one or more counterparts, together constituting one document.

45. To the extent that the Lender may be in receipt of proprietary or confidential information of the Borrower, Guarantors or their representatives, the Lender agrees to keep such information confidential and not to disclose same except for the purposes expressed herein or as may otherwise be required by law or pursuant to court order.

46. Final Approvals - The Borrower acknowledges and agrees that the final terms and conditions of any Loan Agreement are subject to such internal approvals and authorizations as the Lender may reasonably require whether by operation of law or otherwise.
IN WITNESS WHEREOF, this Loan Agreement has been executed and sealed in duplicate copies by the Lender under its seal affixed hereto by its duly authorized signing officer(s) and has been executed by the Borrower by its duly authorized representatives on the day and year first before written.

SIGNED, SEALED and DELIVERED by the Lender and its seal affixed in the presence of:

[Signature]
Witness

SIGNED, SEALED and DELIVERED by the Borrower and its corporate seal affixed in the presence of:

[Signature]
Witness

DEPARTMENT OF BUSINESS

MINISTER

TERRA NOVA SHOES ULC

[Signature]
Per

[Signature]
Per

Sec 30
A. Flow of Funding

Funding under the Loan shall be advanced in accordance with the following:

<table>
<thead>
<tr>
<th>MILESTONE EVENT</th>
<th>DISTRIBUTION AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of New Building Extension</td>
<td></td>
</tr>
<tr>
<td>Signing of Contract for Construction</td>
<td>$500,000</td>
</tr>
<tr>
<td>Building Extension (50% Completion)</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Building Extension (Completion)</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Movement/Installation of Equipment</td>
<td></td>
</tr>
<tr>
<td>Desma Machine</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Remaining Equipment</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Decommissioning of Other Manufacturing Operations</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Completion/Operation of Harbour Grace Expansion</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Verification of $8.0 Million Expenditure</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$8,000,000</td>
</tr>
</tbody>
</table>

* Verification Required as per Clause 22 of this Loan Agreement.

B. Repayment

Repayment of the Loan will be on a lump sum basis (and submitted with the annual audited financial statements per Clause 24) in accordance with the following governing principles:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PERCENTAGE OF PROFITS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2&lt;&lt;INSERT HARD DATES&gt;&gt;</td>
<td>0%, No repayment</td>
</tr>
<tr>
<td>3&lt;&lt;INSERT HARD DATES&gt;&gt;</td>
<td>10%</td>
</tr>
<tr>
<td>4-5&lt;&lt;INSERT HARD DATES&gt;&gt;</td>
<td>20%</td>
</tr>
<tr>
<td>6-10&lt;&lt;INSERT HARD DATES&gt;&gt;</td>
<td>Greater of Balance Then Remaining in equal installments or 20% of Profits</td>
</tr>
</tbody>
</table>

* Verification Required as per Clause 22 of this Loan Agreement.

* "Profits" means net earnings, PLUS any amounts for depreciation, amortization, and future component of income tax expense LESS any principal payments on long-term debt. The Lender reserves the right to disallow amounts where, in the opinion of the Lender, such amounts as claimed are deemed by the Lender in its sole discretion to be unreasonable or disproportionate.

C. Employment Commitments

The Borrower has committed to maintain at the Harbour Grace, NL facility, the following average minimum levels of employment (consisting of 170 existing positions and additionally created positions as a result of the consolidation of operations) during the term of this Loan Agreement:
<table>
<thead>
<tr>
<th>Year</th>
<th>Full-time, Permanent Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>195</td>
</tr>
<tr>
<td>2009</td>
<td>210</td>
</tr>
<tr>
<td>2010+</td>
<td>220</td>
</tr>
</tbody>
</table>

*Verification Required as per Clause 22 of this Loan Agreement.*

The average employment levels as outlined above are to be achieved by December 31st of the year noted and are to be maintained thereafter on an ongoing-basis and verified in the quarterly and annual reporting of the Borrower. Failure of the Borrower to meet the targets noted shall be sufficient cause for the Lender, at its discretion, to declare the Loan to be in default and to demand immediate payment of any principal or interest then outstanding, providing that the Lender shall provide 21 days advance written notice to the Borrower of intention to declare the Loan in default under this clause, during which time the Borrower may cure the default by attaining the requisite average employment levels set out above or taking other measures as may be agreed to by the Lender. This clause will not apply in event of (i) destruction of the Plant or equipment, (ii) economic conditions that are beyond the foreseeable control of the Borrower and confirmed to the satisfaction of the Lender, or (iii) with the prior approval of the Lender, major maintenance to or replacement of the Plant or equipment requiring reduction of employment levels.

For the purposes of this section, a “full-time, permanent position” means and will be calculated in person years with 2,080 hours of paid time representing 1 person year.