

be applied as follows:

- (i) The first \$500,000.00 shall be paid as a dividend to the Company's shareholders for the sole purpose of applying such \$500,000.00 as a prepayment against the two promissory notes described in Sub-Section 3.01(a), or if Company shall have been merged with Kinder Canada, then such initial \$500,000.00 shall be prepaid directly against the two promissory notes described in Sub-Section 3.01(a) hereof; then
- (ii) In repayment of an amount sufficient to reduce the bank loans of the Company to \$750,000.00; then
- (iii) Any remaining balance may be retained, employed or distributed in such manner as the Company in its sole discretion shall determine.

ARTICLE IV:

4.01 The Company further covenants and agrees that, so long as any bonds remain outstanding under the Original Trust Deed, it will observe and perform the covenants and conditions set forth in this Article.

4.02 From and after an amalgamation of the Company with Kinder Canada, the amalgamated company will pay or cause to be paid all sums of money, and any interest thereon, owing upon the two promissory notes referred to in Sub-Section 3.01(a).

4.03 Any default in the payment, or in the observance or performance of any terms and conditions attaching to either of