

Clerk's stamp:



COURT FILE NUMBER

1303 15731

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

RIDGE DEVELOPMENT CORPORATION

DEFENDANT

1324206 ALBERTA LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Attention: Kentigern A. Rowan, Q.C.
Stephanie A. Wanke

Ogilvie LLP
1400, 10303 Jasper Avenue
Edmonton, AB T5J 3N6
Telephone: (780) 429-6237
Fax: (780) 429-4453
File No. 59603.1/KAR

AFFIDAVIT OF JOHN BARATH
Sworn on November 4, 2013

I, John Barath, of the City of Edmonton, Developer and Businessman of the Province of Alberta **MAKE OATH AND SWEAR THE FOLLOWING:**

1. I am the sole Director and Shareholder of Ridge Development Corporation ("Ridge"). I have a personal knowledge of the facts of the matter herein sworn to except for otherwise stated.
2. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of a Corporate Registry search for 1324206 Alberta Ltd. ("1324206").
3. I am, and have been since November 21, 2011, the sole Director of 1324206 as indicated on the attached corporate search.
4. Prairie Western Development Corp. ("Prairie"), Ridge, and White Castle Realty Investments Ltd. ("White Castle") each own 1/3 of the outstanding voting shares of 1324206.
5. Attached hereto and marked as **Exhibits "B", "C" and "D"** are true copies of Corporate Registry searches for Prairie, Ridge and White Castle.

6. The Directors of White Castle are Manjinder Dhinsa ("Dhinsa") and George Shen ("Shen") and each of Dhinsa and Shen are shown as 50% shareholders of White Castle.
7. As indicated above, the Corporate Registry search for Ridge indicates that I am the sole Director and Shareholder of Ridge.
8. The Corporate Registry search for Prairie indicates that the sole director is Derek Prue ("Prue") and that the sole Shareholder is Prue (in trust).
9. Prairie, Ridge and White Castle agreed to undertake a joint venture that would finance, develop, construct, operate and sell units in a one hundred and twenty-three (123) unit residential housing project (the "Project"), together with all related infrastructure and improvements thereto on a portion of lands comprising the Stony Plain Indian Reserve No. 135 (being the lands occupied by the Enoch Cree Nation 440 ("Enoch")):

Canada Lands Survey System Plan No. 96507
Within Lot 186, Plan 92619 CLSP
Within the NE ¼ 23-52-26 W4M

(the "Project Lands").

10. Initially, Prairie, Ridge and White Castle formed a partnership for the purpose of carrying on the Project. (Alberta) on May 11, 2007. A copy of the Partnership Agreement is attached hereto as **Exhibit "E"**.
11. Prairie, Ridge and White Castle decided not to use the Partnership and instead elected to carry on their joint venture through a corporation. As a result, Prairie, Ridge and White Castle incorporated 1324206 on May 22, 2007.
12. 1324206 was incorporated to carry out the Project.
13. 1324206 entered into a Commercial Lease with Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development in respect of the Project Lands effective February 21, 2008 for a term of 49 years with an option to renew for a further 49 years. A copy of the Commercial Lease is attached hereto as **Exhibit "F"**.
14. Attached hereto and marked as **Exhibit "G"** to this my Affidavit is a true copy of the Non-Patented Land search for the Project Lands at the Land Titles Office for the province of Alberta.

15. Attached hereto and marked as **Exhibit "H"** to this my Affidavit is true copy of an Indian Lands Registry System search for the Project Lands.
16. Ridge was retained by 1324206 to construct the Project on the Project Lands.
17. The Defendant is indebted to Ridge on account of work, materials and services supplied by Ridge for the construction of the Project in the amount of \$1,032,372.00 plus interest (the "Ridge Construction Debt").
18. Royal Bank of Canada ("RBC") agreed to lend money to 1324206 for the purpose of financing the construction of the Project. The funds advanced by RBC are secured by, *inter alia*, a collateral mortgage on the Project Lands (the "RBC Mortgage") and a General Security Agreement (the "GSA") on the personal property of 1324206.
19. Attached hereto and marked as **Exhibit "I"** to this my Affidavit is a true copy of the RBC Mortgage granted in favour of RBC.
20. Attached hereto and marked as **Exhibit "J"** to this my Affidavit is a copy of the GSA granted by 1324206 to RBC.
21. Attached hereto and marked as **Exhibit "K"** to this my Affidavit is a true copy of a Personal Property Registry search result on 1324206.
22. I, together with Shen and Dhinsa, have personally guaranteed the obligations of 1324206 to RBC (the "Guarantee"). Prue has not provided any guarantee.
23. Attached hereto and marked as **Exhibit "L"** to this my Affidavit is a true copy of the Guarantee.
24. 1324206 is indebted to RBC on account of funds advanced by RBC and secured, *inter alia*, by the RBC Mortgage and the GSA as of October 6, 2013 exclusive of accrued but unbilled costs in the following amounts:

a.	Principal Outstanding:	\$20,332,670.67;
b.	Overdraft:	\$44,506.73;
c.	Accrued Interest:	\$5,835.458.50;
d.	Legal and Professional Fees paid for the account of 1324206:	\$775,440.57; and
e.	Banking Fees Outstanding:	\$1,038.253.12;
	TOTAL:	\$28,026,326.59 with costs and interest accruing thereafter

25. 1324206 entered into a number of presale agreements for individual units in the Project and some persons paid deposits in respect of those agreements (the "Deposits").
26. The parties who provided Deposits to 1324206 may have claims against 1324206.
27. Attached hereto and marked as **Exhibit "M"** to this my Affidavit is a true copy of a Court of Queen's Bench action search on 1324206.
28. **Exhibit "M"** identifies 30 actions commenced against 1324206.
29. The majority of the actions aforesaid have been commenced by claimants asserting that they provided Deposits to 1324206 and/or Prairie, which actions seek to recover the Deposits from 1324206 or Prairie.
30. The Project was completed on or about July 1, 2009 except for:
 - a. Activation of the connection to water and sanitary sewer;
 - b. Landscaping;
 - c. Supply of appliances to certain units; and
 - d. Miscellaneous finishing items.
31. Activation of the water and sanitary sewer connections are available through Enoch Utilities Limited, a party related to Enoch. 1324206 conducted extensive negotiations with Enoch Utilities Limited respecting the ability to activate the connection to the water and sanitary services located on the Stony Plain Indian Reserve No. 135. An agreement was finalized on September 21, 2011 confirming the ability to activation the connection for the Project to the water and sanitary services as aforesaid, subject to a number of conditions including a condition requiring payment to Enoch Utilities Limited, which has not yet been satisfied.
32. The estimated cost to have the water and sanitary sewer connection activated to the Project is approximately \$900,000.00. 1324206 does not have the funds or resources to pay for this activation.
33. In addition to the cost for activating the connection for the water and sanitary sewer as aforesaid, the estimated additional final costs for the Project include *inter alia*:
 - a. approximately \$55,000.00 to \$65,000.00 respecting landscaping; and
 - b. approximately \$45,000.00 to \$50,000.00 to supply appliances to certain units.

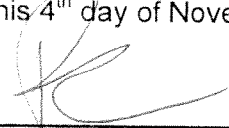
1324206 does not have the funds or the resources to pay for any of the above.

34. RBC has indicated that, in the circumstances as described in this Affidavit, it is not prepared to advance further funds for the completion of the Project.
35. RBC has advanced funding for the purposes of preserving, protecting and maintaining the Project in its present state including, but not limited to, maintaining insurance, maintaining heat and providing security for the Project, which funds were advanced by RBC on the security of the RBC Mortgage and other security held by RBC.
36. In addition to the debt owed by 1324206 to Ridge on account of the supply of goods, materials and services for the construction of the Project, 1324206 is indebted to Ridge on account of other funds advanced by Ridge to 1324206 as follows:
 - a. \$60,000.00 for repayment to RBC on account of funds advanced by RBC for critical payments to maintain the present status of the Project;
 - b. \$120,000.00 for payments on account of GST liabilities of 1324206;
 - c. \$275,000.00 for amounts paid by Ridge on account of legal accounts of 1324206; and
 - d. \$22,000.00 to satisfy an outstanding Judgment against 1324206;

(collectively, the "Additional Ridge Debt").
37. Ridge has demanded from 1324206 payment of the Ridge Construction Debt and the Additional Ridge Debt.
38. Attached hereto and marked as **Exhibit "N"** to this my Affidavit is a true copy of the aforesaid demand.
39. 1324206 has not paid Ridge for the Ridge Construction Debt or the Additional Ridge Debt.
40. 1324206 has no income, no funds to pay the expenses referenced in paragraphs 32 or 33 or to market the Project, and no assets other than the Project. 1324206 is unable to continue to carry on its business of developing and selling the Units in the Project and is unable to pay the RBC Debt, the Ridge Construction Debt or the Additional Ridge Debt.
41. I do verily believe that the only way that 1324206 will be able to pay the RBC Debt, the Ridge Construction Debt and the Additional Ridge Debt, together with any obligations that it owes to its creditors is to complete and sell the Project or to sell the Project in its present state.

42. I believe it is just and convenient that a Receiver and Manager of 1324206 and the Project be promptly appointed by the Court, so that 1324206's property and the Project can be secured and realized upon in a commercially reasonable and orderly manner in the best interest of the Plaintiff and the other creditors of 1324206 and the Project.
43. As the sole Director of 1324206, I consent to the appointment of a Receiver and Manager of 1324206 and the Project.
44. As the sole Director and Shareholder of Ridge, being a 1/3 partner in the Partnership and owning 1/3 of the shares of 1324206, I hereby consent to the appointment of a Receiver and Manager of 1324206 and the Project.
45. Attached hereto and marked as **Exhibit "O"** to this my Affidavit is a true copy of an email from Shen, being a 50% shareholder of White Castle who, in turn, is a 1/3 partner in the Partnership and owns 1/3 of the shares of 1324206 indicating that he consents to the appointment of a Receiver and Manager of 1324206 and the Project.
46. I have attempted to contact Dhinsa to determine his position with respect to the appointment of a Receiver and Manager of 1324206 and the Project, however I have received no response from Dhinsa.
47. I swear this Affidavit in support of an Application to appoint a Receiver and Manager of 1324206 and the Project.

SWORN before me at Edmonton,
in the Province of Alberta
this 4th day of November, 2013.



A Commissioner for Oaths in and for the
Province of Alberta

RHONDA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

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JOHN BARATH

Government Corporation/Non-Profit Search of Alberta Corporate Registration System

Date of Search: 2013/10/03
Time of Search: 04:10 PM
Search provided by: OGILVIE LLP, Edmonton

Service Request Number: 20364203
Customer Reference Number: 59603.1/KAR

Corporate Access Number: 2013242066
Legal Entity Name: 1324206 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2007/05/22 YYYY/MM/DD

Registered Office:

Street: 108, 5013-48 STREET
City: STONY PLAIN
Province: ALBERTA
Postal Code: T7Z 1L8

Records Address:

Street: 108, 5013-48 STREET
City: STONY PLAIN
Province: ALBERTA
Postal Code: T7Z 1L8

Directors:

Last Name: BARATH
First Name: JOHN
Street/Box Number: 17307 - 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1L7

Last Name: PRUE
First Name: DEREK
Street/Box Number: 108, 5013 48 STREET
City: STONY PLAIN
Province: ALBERTA
Postal Code: T7Z 1L8

Voting Shareholders:

Legal Entity Name: PRAIRIE WESTERN DEVELOPMENT CORP.

This is Exhibit "A" referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4th day of November
A.D. 20 13

Commissioner for Oaths in and for the Province of Alberta
RHODA LEMPHERS
STUDENT AT LAW
COMMISSIONER FOR OATHS

Corporate Access Number: 2011651292
Street: #108, 5013 48 STREET
City: STONY PLAIN
Province: ALBERTA
Postal Code: T7Z 1L8
Percent Of Voting Shares: 33.3

Legal Entity Name: RIDGE DEVELOPMENT CORPORATION
Corporate Access Number: 2010795223
Street: 17307 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1L7
Percent Of Voting Shares: 33.3

Legal Entity Name: WHITE CASTLE REALTY INVESTMENTS LTD.
Corporate Access Number: 2013143546
Street: 11228 33 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T6J 3X3
Percent Of Voting Shares: 33.3

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE "A"
Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B"
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE ATTACHED SCHEDULE "C"

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2012	2012/04/25

Outstanding Returns:

Annual returns are outstanding for the 2013 file year(s).

Filing History:

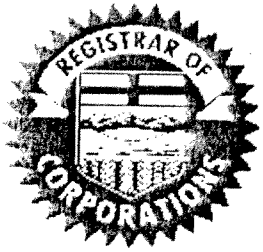
List Date (YYYY/MM/DD)	Type of Filing
2007/05/22	Incorporate Alberta Corporation
2007/05/29	Service Provider Correct Legal Entity

2011/06/02	Change Address
2012/04/25	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/05/22
Restrictions on Share Transfers	ELECTRONIC	2007/05/22
Other Rules or Provisions	ELECTRONIC	2007/05/22

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



Final

PARTNERSHIP AGREEMENT

This Partnership Agreement made as of the 11 day of May, 2007.

AMONG:

PRAIRIE WESTERN DEVELOPMENT CORP.
("Prairie Western")

This is Exhibit "B" referred to in the affidavit
/ statutory declaration of Sohn Borath

Sworn before me this 4 day of November

A.D. 20 13

Commissioner for Oaths in and for the Province of Alberta

STUDENT-AT-LAW
COMMISSIONER FOR OATHS

- and -

RIDGE DEVELOPMENT CORPORATION
("Ridge")

- and -

WHITE CASTLE REALTY INVESTMENTS LTD.
("White Castle")

(Individually called a "Partner" and collectively called the "Partners")

WHEREAS:

- A. The Parties have decided to enter into a partnership for the purposes of developing, operating, maintaining and disposing of the Project;
- B. The Partners are the sole holders of all of the Partnership Interests as follows:
- | | |
|-----------------|---|
| Prairie Western | Thirty-three and one-third (33 1/3%) per cent |
| Ridge | Thirty-three and one-third (33 1/3%) per cent |
| White Castle | Thirty-three and one-third (33 1/3%) per cent |
- C. The Parties wish to describe the rights and obligations between them in respect of the conduct of the business affairs of the Partnership and the ownership and sale of the Partnership Interests.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each Party), the Parties agree as follows:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following words and phrases shall have the following meanings for purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

- (a) **"Accountants"** means such firm of chartered accountants or others as the Partners may by Resolution decide to appoint as the auditors and/or accounting advisors for the Partnership;
- (b) **"Advances"** means all amounts advanced by the Partners to the Partnership and all outstanding loans owing from time to time by the Partnership to the Partners;
- (c) **"Affiliate"** means with respect to a Partner, any body corporate or partnership which is directly or indirectly Controlled by a Partner or which Controls a Partner;
- (d) **"Agreement"** means this agreement,
- (e) **"Approved Budget"** means the budget for the Partnership approved by Resolution;
- (f) **"Arm's Length"** has the same meaning as that term is given in the *Income Tax Act*;
- (g) **"Business Day"** means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Edmonton, Alberta are not open for business;
- (h) **"Buyer"** has the meaning described in section 11.1;
- (i) **"Capital Contribution"** means the amount in cash or other property contributed or deemed to be contributed to the Partnership by a Partner under this Agreement;
- (j) **"Closing Date"** has the meaning described in section 10.2;
- (k) **"Control", "Controls" or "Controlled"** means the right to exercise the majority of the votes which may be cast at a general meeting of a corporation or partnership and coupled with the right to elect or appoint, directly or indirectly, a majority of the directors of the corporation or the controlling minds of a partnership or any other person or persons who have the right to manage or supervise the business affairs of that corporation or partnership;
- (l) **"Declaration"** means a joint declaration of the value the Partnership Interest which declaration is made according to the provisions described in Article 9;
- (m) **"Defaulting Partner"** has the meaning described in section 14.14;
- (n) **"Defaulting Purchaser"** has the meaning described in section 10.2;
- (o) **"Distribution"** means a cash payment to a Partner or Partners authorized by Resolution pursuant to subsections 7.3(f), (g), and (h);

- (p) **"Effective Date of Declaration"** has the meaning described in section 9.2;
- (q) **"Guarantee Agreement"** means an agreement by way of guarantee, indemnity, or other security given or to be given, as the case may be, by one or more of the Partners or of any corporation Controlled directly or indirectly by the Partnership as security for the repayment of any indebtedness of the Partnership to any bank or other lender or for the performance by the Partnership, or by any corporation Controlled directly or indirectly by the Partnership, of any of its other obligations;
- (r) **"Hard Costs"** means all costs incurred in connection with the lease of the Phase 1 Lands (and Phase 2 Lands, if applicable) and the development and construction of the Project, as more particularly described in the Approved Budget;
- (s) **"Head Lease"** the lease of Phase 1 Lands (and Phase 2 Lands, if applicable) from Her Majesty, the Queen in right of Canada to Prairie Western;
- (t) **"Income Tax Act"** means the *Income Tax Act* of Canada, R.S.C. 1985, c.1 (5th supp.), as the same may be amended from time to time;
- (u) **"Insolvency Option"** has the meaning described in section 10.1;
- (v) **"Insolvent Partner"** has the meaning described in section 10.1;
- (w) **"Management Committee"** has the meaning described in section 4.1;
- (x) **"Offer"** has the meaning described in section 11.1;
- (y) **"Offerer"** has the meaning described in section 11.1;
- (z) **"Parties"** means the parties signing and delivering this Agreement and any Person who may hereafter become a Partner;
- (aa) **"Partner"** means a Person or Persons who are holders of the Partnership Interests;
- (bb) **"Partnership Act"** means the *Partnership Act* (Alberta), as the same may be amended from time to time;
- (cc) **"Partnership Interest(s)"** means the interest that a Partner has from time to time in the assets and liabilities of the Partnership expressed as a percentage;
- (dd) **"Person"** includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;
- (ee) **"Phase 1 Lands"** means three (3) acres of property to be leased by Prairie Western as shown on Schedule "A" hereto;

- (ff) "Phase 2 Lands" means the two (2) acres of property that Prairie Western will have the option to lease as shown on Schedule "A" hereto;
- (gg) "Phase 2 Option" has the meaning described in section 7.6;
- (hh) "Principal" means the individual (or individuals) who Controls a Partner;
- (ii) "Project" means a one hundred and twenty-three (123) unit residential housing project on the Phase 1 Lands, together with all related infrastructure and improvements and the businesses and all other activities associated therewith and if applicable a further multi-unit residential housing project on the Phase 2 Lands;
- (jj) "Project Financing" means the financing arranged by Ridge and White Castle for the lease of the Phase 1 Lands (and the Phase 2 Lands, if applicable), the development and construction of the Project and related costs, which shall be senior to the equity of the Partners and which shall not exceed Twenty-one million (\$21,000,000.00) Dollars for the Phase 1 Lands;
- (kk) "Project Managers" has the meaning described in section 4.8;
- (ll) "Purchasing Partner" has the meaning described in section 10.2;
- (mm) "Resolution" means a resolution in writing of the members of the Management Committee, or in the case of a resolution by the Partners, where that resolution is approved by all the Partners or the respective representatives of all the Partners;
- (nn) "Sale Price" has the meaning described in section 10.1;
- (oo) "Valuator" has the meaning described in section 9.3.

1.2 Headings

Headings for the Articles and Sections of this Agreement are inserted for reference only and are not intended to affect the construction or interpretation of this Agreement.

1.3 Construction

Words describing the singular number only shall include the plural and vice versa. Words describing the masculine gender shall include the feminine gender. Words describing individuals shall include corporations, partnerships, syndicates, trusts and any other business organizations.

1.4 Law

Partnership Agreement made as of the _____ day of May, 2007

PARTNERSHIP AGREEMENT

This Agreement shall be governed by and construed according to the laws of the Province of Alberta and federal laws of Canada applicable in the Province of Alberta. The courts of the Province of Alberta shall have exclusive jurisdiction regarding any

dispute arising from or associated with this Agreement unless otherwise provided for in this Agreement or unless otherwise agreed to in writing by the Partners. Any and all references in this Agreement to arbitration will be dealt with by the appropriate Alberta legislation which governs arbitration procedures.

1.5 Calculating Time

When calculating the period of time within which or following which any act is to be done or step is to be taken, the date which is the reference date in calculating such time period shall be excluded. If the last day of such time period is not a Business Day, then the time period shall end on the next Business Day.

1.6 Section References

All references in this Agreement to designated "Articles", "sections", "paragraphs", "Schedules" and other subdivisions are to the designated Articles, sections, paragraphs, Schedules and other subdivisions of this Agreement, except as otherwise expressly provided.

ARTICLE 2 - THE PARTNERSHIP

2.1 Creation of Partnership

The Parties hereby create, establish and form the Partnership as a general partnership in accordance with and subject to this Agreement and the Partnership Act. Each Partner will execute all certificates and other documents consistent with the terms of this Agreement which are necessary for the Partners to accomplish all filings, recordings, publications or other acts which the Partnership is obliged by law to carry out or which may be appropriate to comply with any requirement for the formation, qualification, continuation or operation of the Partnership in any jurisdiction.

2.2 Name the Partnership

The name of the Partnership is "Whitemud Heights Partnership" or such other name or names as the Partners may determine from time to time.

2.3 Business of the Partnership

The Partners agree that the Partnership shall carry on the business of financing, developing, constructing, operating and selling units in the Project and carry on any business and exercise all powers ancillary and incidental thereto or in furtherance thereof. This is the only business of the Partnership.

2.4 Fiscal Period

The fiscal period of the Partnership shall end on December 31 of each calendar year.

PARTNERSHIP AGREEMENT



2.5 Term

The Partnership shall continue until it is terminated in accordance with the provisions of this Agreement.

ARTICLE 3 - IMPLEMENTATION OF AGREEMENT

3.1 Effect of Agreement

Each of the Partners agree to vote their Partnership Interests or cause their Partnership Interests to be voted in accordance with the provisions of this Agreement and in such a way as to fully implement and support the terms and intent of this Agreement.

ARTICLE 4 - MANAGEMENT

4.1 Management Committee

The Partners shall appoint a management committee (the "Management Committee") to manage the business and affairs of the Partnership. The Management Committee shall be comprised of three (3) persons, with each Partner being entitled to appoint one representative. If any of the Partners refuse, fail or neglect to appoint their representative for the Management Committee, then the Partners will manage the Partnership without a Management Committee. In any of such events wherever in this Agreement there is a reference to the Management Committee such reference will mean the Partners.

For the purposes of Management Committee decisions, each representative will have one vote.

A Partner may appoint an alternate representative or may change its appointed representative from time to time by providing notice to the other Partner of such change, and the appointment of alternate representative or the appointment of a new representative shall be effective upon receipt of such notice by the other Partner. At the date of this Agreement, Prairie Western has appointed Derek Prue as its representative on the Management Committee, Ridge has appointed John Barath as its representative on the Management Committee and White Castle has appointed George C. Shen as its representative on the Management Committee.

4.2 Management Committee Meetings

Every meeting of the Management Committee shall be called and conducted in accordance with the following:

- (a) notice of any meeting shall be either delivered by hand or facsimile transmission to each member of the Management Committee not less than five (5) Business Days prior to such meeting;
- (b) any member of the Management Committee may in any manner waive notice of any meeting of the Management Committee either before or after the time of the meeting and attendance at any meeting shall be deemed to

(075145/0005 00014741.DOC:9)

(WED) AUG 17 2011 15:30/ST.15:28/NO.6309749955 P 7

COOPERATIVE DEVELOPMENT CORP

constitute a waiver of notice of such meeting unless such attendance is for the sole purpose of objecting to the transaction of business at the meeting on the ground that the meeting has not been properly called;

- (c) any member of the Management Committee may call a meeting. All meetings of the Management Committee shall take place in Edmonton, Alberta unless a member is attending by telephone, electronic or other communications facilities as described in section 4.3.

4.3 Quorum and Voting

The quorum for the transaction of business at a meeting of the Management Committee shall be all members of the Management Committee. Members of the Management Committee may be present in person or by means of telephone, electronic or other communications facilities whereby all persons participating in the meeting can hear and speak to each other simultaneously and instantaneously. All questions arising at any meeting of the Management Committee shall be determined by Resolution of the Partners unless otherwise stated in this Agreement.

If a quorum is not present at any meeting of the Management Committee, that meeting shall be adjourned to be re-convened at the same place on the next Business Day. The members present at such meeting shall use their best efforts to notify the absent member of the rescheduled time and place of the meeting and, in any event, shall deliver a written notice to the last recorded address of the Partner whose member was absent. The quorum for any such rescheduled meeting of the members shall be those members who are then in attendance in person or by telephone, electronic or other communications facilities, and they shall have the power to transact whatever business was to be dealt with at the meeting of the Management Committee originally scheduled.

4.4 Written Resolution In Lieu of Meeting

Any matter of business that may be brought before a meeting of the Management Committee may also be approved by unanimous written resolution of the Management Committee representatives. A resolution in writing duly executed by all Management Committee representatives shall have the same binding effect as if approved by all Management Committee representatives at a meeting of the Management Committee for such purpose.

4.5 Authority

The Management Committee has the sole authority to manage the business and affairs of the Partnership according to this Agreement and the Approved Budget.

4.6 Delegation

The Management Committee shall not delegate its authority except as authorized by section 4.8. The Management Committee may hire support staff to assist it. The Management Committee may retain professional advice.



4.7 Liability of Management Committee

Neither the Management Committee nor any member thereof is liable to the Partners for any mistake or error in judgment, or for any act or omission believed by it in good faith to be within the scope of the authority conferred by this Agreement (other than any mistake, error in judgment, act or omission which is in contravention of this Agreement or which is a result of gross negligence, wilful misconduct or dishonesty), or for any loss or damage to any property of the Partnership attributable to any event beyond the reasonable control of the Management Committee and its members.

4.8 Project Management

Prairie Western and Ridge shall act as the initial joint Project Managers (the "Project Managers"). The duties of the Project Managers shall be subject to the direction of the Management Committee at all times and from time to time and shall include the following to be performed honestly, in good faith with reasonable commercial efforts, exercising the same degree of care, skill and supervision as would be exercised by a reasonable and prudent manager:

- (a) to oversee the development, management and operation of the Project as is desirable or necessary under the terms of an agreement negotiated with the Management Committee and entered into with the Partnership, provided that Ridge will be responsible for the day-to-day management of construction of the Project;
- (b) to prepare the annual operating budget for approval by Management Committee;
- (c) to prepare the monthly financial progress reports for approval by Management Committee which shall include sufficient detail and information to be able to confirm such expenditures for that previous month as being expenditures under the Approved Budget and such other financial statements as Management Committee may require from time to time;
- (d) to develop business plans for operations of the Project that conforms to the Partnership's resources and investment objectives;
- (e) to engage efficient accounting and financial professionals and take reasonable steps to assure continuity of service by them;
- (f) to engage a licensed real estate agent subject to approval by the Management Committee;
- (g) to set sale price parameters for approval by the Management Committee;
- (h) to deal directly with municipal and other applicable authorities and subcontractors on major issues;



- (i) to arrange for mortgage financing and capital requirements to meet investor objectives;
- (j) to immediately advise the Partnership of any offer to purchase any portion of the Project, and if such offer is in writing, the Project Manager(s) shall immediately provide the Partnership with a true copy thereof, which duties shall survive the Project Manager(s)'s termination as the project manager hereunder; and
- (k) to report all material events and developments pertaining to the business of the Partnership and the Project on at least a monthly basis.

4.9 Project Manager and Partner Fees

Prairie Western and Ridge shall be entitled to receive project management fees as follows:

- (a) **Prairie Western -**
 - (i) Two Hundred Thousand (\$200,000.00) Dollars upon execution of this Agreement (to be paid from the Capital Contribution of White Castle under Section 12.2(a);
 - (ii) Two Hundred Thousand (\$200,000.00) Dollars in payments of Twenty-Five Thousand (\$25,000.00) Dollars per month starting at the commencement of construction of the Project;
 - (iii) Twenty-five Thousand (\$25,000.00) Dollars per month plus one (1%) per cent of the Hard Costs during construction of the Project;
- (b) **Ridge - Fifty Thousand (\$50,000.00) Dollars per month plus two (2%) per cent of the Hard Costs during construction of the Project.**

In addition, White Castle shall be entitled to a fee of Twenty-five Thousand (\$25,000.00) Dollars per month starting at the commencement of construction of the Project until the earlier of eighteen (18) months or the date on which the first unit in the Project is occupied.

4.10 Termination

White Castle has the right to terminate Prairie Western or Ridge as Project Manager and replace the terminated party with a qualified third party upon the occurrence of following events:

- (a) Project Manager having been convicted by a court of competent jurisdiction for committing a fraudulent act or fraudulent omission in relation to this Agreement or the overall operation of the Project or the Partnership;



- (b) the adjudication by a court of competent jurisdiction of the Project Manager as bankrupt or the appointment of a receiver of the assets and undertaking of the Project Manager;
- (c) the dissolution, winding-up or liquidation of the Project Manager;
- (d) the Project Manager making an assignment for the benefit of creditors;
- (e) the failure by the Project Manager to:
 - (i) prepare and provide budgets for the Partnership;
 - (ii) prepare and provide monthly financial progress reports of the Partnership;

provided that should the Project Manager fail to provide the documentation in the manner and at the times prescribed above, it shall have fifteen (15) days from the date of notice of its failure to deliver the aforesaid documents (or any one of them) to cure such default before it shall be removed as Project Manager.

- (f) the breach by the Project Manager of terms of this Agreement, provided that the Project Manager shall have fifteen (15) days from the date of notice of the breach to cure the breach before it shall be removed as Project Manager.

ARTICLE 5 - PARTNERSHIP RELATIONS

5.1 Scope of Partnership

The rights, duties, obligations and liabilities of the Partners shall be limited to those rights, duties, obligations and liabilities described in this Agreement, arising by virtue of the operation of any applicable laws affecting the Partnership, or which are necessary or required to carry on the business of the Partnership, which business is described herein. Nothing contained in this Agreement shall be construed to create a partnership between the Partners extending beyond the scope of the business of the Partnership. Except as expressly authorized by the provisions hereof, nothing herein contained shall be construed to authorize any Partner to act as the agent of any other Partner or to permit any Partner to act on behalf of or bind the Partnership or any other Partner without the authority of a Resolution.

5.2 Dealing with the Partnership

Except as otherwise provided for in this Agreement or a Resolution, all contracts with the Partnership shall be made with Persons dealing at Arm's Length with the Partners at market rates, and no Partner or any Person not dealing at Arm's Length with a Partner shall have the right to contract or otherwise deal with the Partnership for the sale, lease or purchase of the Projects, the provision of any services, the borrowing or lending of funds and the giving or taking of security therefor and other purposes.

5.3 Liability of Partners

The Partners shall, as between themselves, be liable for the debts, liabilities, obligations and losses of the Partnership in proportion to the Partnership Interest owned by them respectively. No Partner shall be liable for any obligations incurred by any other Partner other than obligations incurred in connection with and on behalf of the Partnership pursuant to the terms of this Agreement or any Resolution. Each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against such Partner's separate debts, liabilities and obligations. If at any time a Partner becomes liable for the obligations of the Partnership, each of the Partners will jointly and severally indemnify and hold harmless each of the other Partners from and against each claim, cost, expense, liability and loss suffered or incurred by that Partner as a result of the liability to the extent required so that each Partner is responsible for its proportionate share based on its Partnership Interest of any such claim, cost, expense, liability and loss, with each Partner's proportionate share being calculated at the time of the event giving rise to the claim, cost, expense, liability and loss.

ARTICLE 6 – PARTNERSHIP INTERESTS

6.1 Partnership Interests

For the purposes of the rights of Partners, as more specifically set out in this Agreement, all of the assets, undertaking rights, obligations and liabilities of the Partnership of every nature and kind are hereby divided into Partnership Interests. Each Partnership Interest shall have the same rights and obligations. The Partnership Interests of the Partnership shall, as at the date of this Agreement, be divided and allocated between the Partners as follows:

- (a) Prairie Western – Thirty-three and one-third (33 1/3%) per cent;
- (b) Ridge - Thirty-three and one-third (33 1/3%) per cent;
- (c) White Castle - Thirty-three and one-third (33 1/3%) per cent.

6.2 Characterization of Partnership Interests

Each Partner shall have the following rights and obligations:

- (a) subject to the terms of this Agreement (including without limitation, section 4.1), for the purposes of all Resolutions, the right to one vote;
- (b) the right to participate in Distributions as set out in section 7.3.

6.3 Equality of Partnership Interests

Each Partner shall be entitled to the same rights and obligations as any other Partner and no Partner shall be entitled to any privilege, priority or preference in relation to any other Partner, except as specifically provided in this Agreement.



ARTICLE 7 - FINANCIAL MATTERS - GENERAL

7.1 Due Diligence Expenses

All costs and expenses of any kind whatsoever incurred to identify, investigate and complete the lease of the Phase 1 Lands shall be at the cost of White Castle. Such costs and expenses in respect of the Phase 1 Lands shall be deemed to be working capital advanced pursuant to section 7.4 and shall be repaid to White Castle in accordance with section 7.3. The Partners acknowledge that Prairie Western has incurred costs and expenses relating to the lease of the Phase 1 Lands as of the date of this Agreement. Ridge and White Castle agree that Prairie Western is entitled to the sum of Three Hundred Thousand (\$300,000.00) Dollars upon execution of this Agreement (in addition to any other amounts payable to Prairie Western) to be paid from the Capital Contribution of White Castle under section 12.2(a) and further agree that Prairie Western is entitled to three and three-quarters (3.75%) per cent of the sale proceed of units in the Project that Prairie Western has sold to date with up to one and one-half (1.5%) per cent to be paid through retention of deposits paid to date and the balance to be paid on the closing of the sales. These amounts shall not otherwise affect Prairie Western's entitlement to payments under section 7.3.

7.2 Payment of Expenses

Expenses payable or paid, and losses, costs, damages and liabilities incurred by the Partnership will be paid:

- (a) firstly, from funds, revenues and receipts of the Partnership; and
- (b) secondly, except as set out in section 7.1, by the Partners in accordance with their Partnership Interests and said funds shall be treated as Partner Advances and repaid to the Partners in accordance with section 7.3.

7.3 Cash Flow

Where there is any cash flow generated by the operation, sale or refinancing of the Projects and available for use by or to the Partnership, the cash flow shall be paid and used by the Partnership in the following order of priority:

- (a) to repay the Project Financing and any third party lenders and creditors to the Partnership;
- (b) to repay White Castle's Capital Contribution under section 12.2 (without interest);
- (c) to repay any other Capital Contributions of the Partners pro rata (without interest);
- (d) to repay any unpaid interest on Partners' Advances;
- (e) to repay any Partners' Advances;

- (f) to distribute Four Million Five Hundred Thousand (\$4,500,000.00) Dollars to White Castle;
- (g) to distribute the next Four Million (\$4,000,000.00) Dollars to Ridge and Prairie Western in accordance with their Partnership Interests;
- (h) to distribute the balance to the Partners in accordance with their Partnership Interests.

7.4 Partners' Advances

Any Partners' Advances shall be made on terms and conditions specified by the Management Committee and:

- (a) each Advance shall be evidenced by appropriate accounting records and monthly reports identifying all amounts outstanding to all Partners from time to time provided repayment is, among other things, payable in the order and in accordance with the priorities set out in section 7.3;
- (b) interest shall be payable by the Partnership as determined by the Management Committee;
- (c) all repayments of Advances and interest thereon shall be made by the Partnership to all Partners pro rata in proportion to the amount which each Partner's Advances bears to all outstanding Advances; and
- (d) the Partners shall not demand repayment of the whole or any portion of any Advances outstanding from time to time prior to the time(s) fixed for repayment thereof by the Management Committee.

7.5 Prior Agreements

Upon satisfaction of the conditions subsequent in section 14.17 and subject to Section 7.6, Prairie Western shall execute a trust declaration confirming that it holds the Head Lease and other agreements and funds related to the Project in trust for the Partnership and the Partnership shall indemnify and hold Prairie Western harmless from, without limitation, all claims, costs, expenses and liabilities arising with respect to any such agreements.

7.6 Phase 2 Option

- (a) The Partners acknowledge that Prairie Western has an option to lease the Phase 2 Lands (the "Phase 2 Option"). The Partners further acknowledge that Prairie Western holds the Phase 2 Option for its own benefit and that the Partnership does not have any interest in the Phase 2 Option or the Phase 2 Lands. If Prairie Western intends to exercise the Phase 2 Option, then it shall provide Ridge and White Castle with fifteen (15) days written notice of its intention to do so. Provided that they have complied with their obligations under this Agreement, Ridge and White Castle will then have the option to acquire a partnership interest with respect to the

lease and development of the Phase 2 Lands on the same terms as set out in this Agreement. Ridge and White Castle may exercise this option by providing:

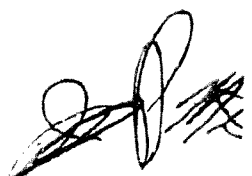
- (i) written notice to Prairie Western that they are exercising this option within fifteen (15) days of receipt of the written notice from Prairie Western;
- (ii) further Capital Contribution in the sum of Four Hundred Thousand (\$400,000.00) Dollars (which will be credited to the Capital Contribution required under Section 12.2(a) in respect of the Phase 2 Lands) plus a commitment, in a form satisfactory to Prairie Western, acting reasonably, to make the balance of the Capital Contribution in accordance with the schedule under Section 12.2, adjusted so that the time frames set out therein run from the date of the written notice under Section 7.6(a) by the later of fifteen (15) days of receipt of the written notice from Prairie Western or May 31, 2007;
- (iii) confirmation in a form satisfactory to Prairie Western that they have secured Project Financing for the lease and development of the Phase 2 Lands by the later of fifteen (15) days of receipt of the written notice from Prairie Western or May 31, 2007.

Either one of Ridge or White Castle may exercise the option under this section on its own in the event the other elects not to do so.

- (b) If Prairie Western has not provided notice to Ridge and White Castle that it intends to exercise the Phase 2 Option by June 15, 2007, then either one or both of Ridge may acquire the right to exercise the Phase 2 Option from Prairie Western by providing:

- (i) written notice to Prairie Western that they are acquiring the right to exercise the Phase 2 Option;
- (ii) written indemnification in a form satisfactory to Prairie Western against any liabilities, expenses or costs arising in connection with the Phase 2 Option, including security against any Partnership Distributions to which Ridge and White Castle may be entitled as required by Prairie Western.

Either one of Ridge or White Castle may exercise the rights under this section on its own in the event the other elects not to do so.



ARTICLE 8 - FINANCIAL MATTERS

8.1 Project Financing

Ridge and White Castle will arrange for all Project Financing on terms consistent with the following:

- (a) If Prairie Western is required to guarantee repayment in respect of the Project Financing, the guarantee will be limited to Prairie Western's interest in the Project;
- (b) The rights and remedies available to the lender upon the occurrence of a default shall not include any recourse to the assets of Prairie Western other than its interest in the Project;
- (c) The interest rate on the senior debt Project Financing (specifically excluding mezzanine financing) will not exceed prime plus three (3%) percent;
- (d) The fees and charges payable in connection with the financing will be on commercially reasonable terms.

ARTICLE 9 - PARTNER INTERESTS VALUATION

9.1 Determination of Fair Market Value

The determination of fair market value by Declaration or Valuator set out in this Article 9 shall only be for the determination of the Insolvency Option price as set out in section 10.1 and for no other purpose whatsoever.

9.2 Valuation

The Partners and the Partnership may from time to time sign a Declaration substantially in the form attached to this Agreement as Schedule " ". The Declaration shall establish the fair market value of all issued and outstanding Partnership Interests as of the date described in the Declaration (the "Effective Date of the Declaration").

9.3 Failure to Agree

If more than one year has elapsed since the Effective Date of a Declaration and the events described in section 10.1 have occurred which requires a determination of the value of the Partnership Interests as at a date which is after the Effective Date in the last Declaration, then a determination shall be made by a real estate appraiser with respect to the value of the Projects and a chartered business valuator with respect to the Partnership Interests, each acting as a sole arbitrator (the "Valuator").

The Valuator shall be determined by mutual agreement of the Partners within seven (7) days of one Partner giving notice to the other Partners of the proposed Valuator. Failing agreement, the Valuator shall be a board of three (3) duly qualified persons, one (1) to be appointed by each Partner. If any Partner shall refuse or neglect to appoint a Valuator within ten (10) days after the other of them shall have given notice

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of such appointment, then the Valuator that have been appointed shall proceed to make the determination under this section 9.3.

9.4 Valuation by Valuator

The Valuator shall value the Partnership Interests in accordance with generally accepted valuation principles applicable in Canada. The Valuator's valuation shall be completed no later than sixty (60) days from the date the Valuator is instructed to determine the value and the Valuator's decision shall be final and binding upon the Partners.

9.5 Payment of Valuator's Fees

The fees charged and expenses incurred by the Valuator in determining the value of the Partnership Interests shall be borne by the Partners in proportion to their Partnership Interests.

ARTICLE 10 - INSOLVENCY OR BANKRUPTCY

10.1 Option on Insolvency

In the event that any Partner should become insolvent, bankrupt or make a proposal under the *Bankruptcy and Insolvency Act* (Canada) or make a general assignment for the benefit of its creditors, or otherwise acknowledge its insolvency, or a liquidator or liquidators or receiver-manager or receiver, trustee or trustees in bankruptcy are appointed in respect of such Partner (the "Insolvent Partner"), then such Partner shall be deemed to have granted the other Partners an option to purchase its Partnership Interest free and clear of all liens, charges, encumbrances and third party security interests (the "Insolvency Option") for a price equal to the value in the Declaration in force at the time, or if no Declaration is then in force, in accordance with the determination made by the Valuator pursuant to section 9.4 as at the date the Partner becomes insolvent (the "Sale Price"). The Insolvency Option shall be exercisable by the other Partners in proportion to their Partnership Interests (excluding the Partnership Interest of the Insolvent Partner), to be given up to and including thirty (30) days after the date upon which the Partnership receives actual written notice of the insolvency. If a Partner elects not to exercise the Insolvency Option, then the other Partners may exercise the Insolvency Option in relation to that Partner's proportion in proportion to their Partnership Interests.

10.2 Closing

The closing of the purchase and sale of the Insolvent Partner's Partnership Interest shall occur on the sixtieth (60th) Business Day following receipt by the Insolvent Partner of the notice of exercise of the Insolvency Option or such other day as agreed upon between the Partners (the "Closing Date"). On the Closing Date, the representative of the Insolvent Partner shall deliver to the Partners purchasing the Insolvent Partnership Interests (the "Purchasing Partner") the documents (in a form reasonably satisfactory to counsel for the Purchasing Partners) which are required to evidence the transfer of the Insolvent Partner's Partnership Interests free and clear of all liens, claims, charges, encumbrances and third party security interests (other than

interests arising under this Agreement). On the Closing Date, the Purchasing Partners shall deliver to the representative of the Insolvent Partner an amount equal to the Sale Price.

Should the Purchasing Partners default in payment of all or part of the Sale Price (the "Defaulting Purchaser"), in addition to any other remedy that the Insolvent Partner or its legal representative may have (and without prejudice to its rights against the Defaulting Purchaser), the Insolvent Partner's representative shall have the right, by notice to the Partners (other than the Insolvent Partner and the Defaulting Purchaser), given prior to the time that any such default has been remedied to require such Partners to purchase within thirty (30) days from the date such notice was given, the portion of the Partnership Interests of the Insolvent Partner in respect of which payment has not been made in full at the Sale Price in the same proportions in which they hold their Partnership Interests at the time such notice is given. The Insolvent Partner shall apply the proceeds of any such sale in reduction of the liability of the Defaulting Purchaser and the Defaulting Purchaser shall not be accountable on the basis that a greater price might have been realized on such sale.

Notwithstanding anything to the contrary contained in this Agreement, no Distribution or other payment shall be made to the Insolvent Partner following the giving of a notice in respect of the Insolvent Partner's Partnership Interests and any Distribution, or other payment to the Insolvent Partner shall be withheld by the Management Committee and ultimately paid (without interest) to the Partners who purchase such Partnership Interests in the proportion of their respective purchases.

The occurrence of the foregoing events shall not cause dissolution of the Partnership.

10.3 Entitlement to Vote

Notwithstanding anything to the contrary herein contained, from and after the date the Insolvency Option is exercised by the remaining Partners, the Insolvent Partner shall not be entitled to vote its Partnership Interest or to notice of Partners' meetings and, where a vote of the Partners is required, the other Partners who are not Insolvent Partners shall be deemed to own all of the Partnership Interests of the Partnership.

ARTICLE 11- PROJECT SALE

11.1 Project Sale

Any Partner (the "Offeror") who receives a bona fide or written offer (the "Offer") from any Person dealing at Arm's Length with the Offeror (the "Buyer") to purchase the Project or a portion thereof which Offer the Offeror is willing to accept, the other Partners shall, within three (3) Business Days of receipt of a true copy of the Offer shall:

- (a) approve the sale pursuant to the Offer; or
- (b) purchase the Project or the portion thereof which is the subject of the Offer within the time specified in the Offer, on the same terms and at the same price as the unapproved Offer.

Where the Offer is to purchase the Project as a whole, the sale to the Buyer or the other Partner described above is conditional on the sale proceeds from the price in the Offer being in excess of the Capital Contribution of White Castle, an amount sufficient to repay the Project Financing, any Advances by the Partners to the Partnership, any security delivered thereunder, and any interest on the above amounts, which amount shall be due and payable on the sale of the Project and such Offer must be payable only in cash consideration.

11.2 Timing

Notwithstanding any other provisions in this Article 11, no Partner may accept an Offer pursuant to this Article 11 until each Project has been completed (which, for the purpose of this Agreement, means the sale of the last of the units in the Project and the satisfaction of all post-closing obligations, including without limitation, those obligations under the applicable laws governing the Project).

ARTICLE 12 - CAPITAL ACCOUNT AND ALLOCATIONS

12.1 Separate Capital Accounts

A separate capital account shall be established and maintained on the books of the Partnership for each Partner to which all capital contributions by such Partner shall be credited, all Distributions to such Partner shall be charged and all amounts allocated to such Partner in respect of the income or loss of the Partnership shall be credited or charged.

12.2 Capital Contributions of Partners

White Castle shall be required to make the following Capital Contributions:

- (a) Four Hundred Thousand (\$400,000.00) Dollars upon execution of this Agreement;
- (b) Three Hundred and Fifty Thousand (\$350,000.00) Dollars upon execution of an agreement to lease the Phase 1 Lands and Phase 2 Lands between Prairie Western and the holder of the Phase 1 Lands and Phase 2 Lands;
- (c) One Hundred Thousand (\$100,000.00) Dollars on June 1, 2007;
- (d) One Hundred Thousand (\$100,000.00) Dollars on July 1, 2007;
- (e) Three Hundred Thousand (\$300,000.00) Dollars on August 1, 2007;
- (f) One Million Two Hundred and Fifty Thousand (\$1,250,000.00) Dollars by the later of August 15, 2007 or the date on which a commitment to provide Project Financing is obtained.

If additional capital is required to satisfy the requirements for the Project Financing, then the Partners shall make the additional Capital Contribution pro rata in accordance with their Partnership Interests.

12.3 No Right to Withdraw Capital

No Partner shall have the right to receive any Distributions or otherwise to withdraw any positive balance in its capital account except as provided for in this Agreement.

12.4 Interest

No Partner shall be entitled to receive interest from the Partnership in respect of any positive balance in its capital account and no Partner shall be liable to pay interest to the Partnership in respect of any negative balance in its capital account except as expressly provided for in this Agreement.

12.5 Assets of the Partnership

The Partners shall look solely to the assets of the Partnership for any Distributions, whether in connection with dissolution of the Partnership or otherwise. If the assets of the Partnership remaining after the payment or discharge, or the provision for payment or discharge of the debts, liabilities and obligations of the Partnership are insufficient to make any Distributions, no Partner shall have any recourse against the other assets of any other Partner, except White Castle's recourse against Ridge with respect to its Capital Contribution pursuant to Section 13.3.

12.6 Determination and Allocation of Income or Loss for Tax Purposes

The Partners shall determine and allocate income for tax purposes or loss for tax purposes in respect of any fiscal period of the Partnership as at the end of such period. The calculation of income for tax purposes or loss for tax purposes shall be computed in accordance with the provisions of the *Income Tax Act* so as to minimize income for tax purposes and/or maximize loss for tax purposes in each fiscal period of the Partnership.

12.7 Preparation and Filing of Tax Returns

Each Partner shall prepare and file such documents as may be required under the *Income Tax Act* and shall include in its computation of income for purposes of the *Income Tax Act* the amounts determined and allocated to it pursuant to this Article 12. The Partnership's Accountants shall prepare and file such documents as may be required under the *Income Tax Act* for the purposes of reporting the income of the Partnership.

12.8 Allocation of Taxable Income or Loss

Net income, net loss, taxable income and tax loss in connection with the business of the Partnership of any fiscal period will be allocated as at the end of such fiscal period to each Partner shown on the register of the Partnership at such time and to each Person deemed to be a Partner of the Partnership at such time for income tax purposes in the proportion to the Partnership Interest held by the Partner as at the last day of such fiscal period.

Capital Cost Allowance tax credits and other allocations that may be made for tax purposes of the Partnership will be allocated equally between the Partners as at the ends of the relevant fiscal period.

13.1 Events of Dissolution

13.2 Events Not Causing Dissolution

13.3 Liquidation

- (a) the satisfaction of any outstanding debts, liabilities and obligations of the Partnership, including all costs and expenses relating to such dissolution or liquidation and the repayment of the third party debts, the Capital Contributions and the Partners' Advances together with interest thereon, if any, in the order of priority as set out in sections 7.3;
- (b) the establishment of any reserves which may be deemed advisable with respect to any contingent or unforeseen debts, liabilities or obligations of the Partnership, such reserves to be maintained in an interest bearing trust account and, at the expiration of such reasonable period of time as shall be deemed advisable by the Management Committee, the remaining balance in the trust fund to be distributed in accordance with the priorities herein provided for; and
- (c) Distributions by the Partnership to the Partners pursuant to section 7.3.

If there are insufficient proceeds to repay White Castle's Capital Contribution, then, provided that White Castle has not taken any action to remove Ridge as a Partner, or Project Manager, Ridge agrees that it shall be liable to repay White Castle up to One

Million Two Hundred and Fifty Thousand (\$1,250,000.00) Dollars of White Castle's Capital Contribution.

13.4 Partnership Records

Full, complete and accurate books of account and records of the Partnership with respect to the business and financial affairs of the Partnership shall be maintained at the head office of the Partnership and shall be maintained according to rules and directives from the Accountants. Entries shall be made in the books of account and records of all matters, transactions and things as are usually written and entered into books of account and records kept by persons engaged in businesses similar to that engaged in by the Partnership. Each Partner shall have access at all reasonable times during business hours to inspect, examine and take extracts from or make copies of the books of account and records. Any inspection, examination and taking of extracts or copies of books of account and records of the Partnership by a Partner shall be at the expense of the Partner and the Partner shall keep confidential all information obtained by it in connection with any inspection or examination and shall not disclose any of the information, except as required by law or to its accountants or to such other persons to whom disclosure may reasonably be required for the purposes of the examination or inspection and shall cause its accountants and such other persons, if the information is disclosed to them, to keep the same confidential and not disclose it, except with the approval of the Management Committee.

13.5 Deduction for the Indebtedness of a Partner

If at the time of a Distribution or repayment of Advances or other payment a Partner is indebted to the Partnership, then the amount of that indebtedness including all accrued interest, if any, shall be deducted from that Partner's Distribution or its entitlement to the repayment of Advances or other payment.

ARTICLE 14 - GENERAL

14.1 Return of Partnership Information

Immediately upon ceasing to be a Partner, the Partner shall deliver up and return all customer and client lists, property, documentation and information in its possession and relating to the Partnership and the business of the Partnership, and it shall not thereafter utilize any such lists, property or any reproduction of it in any manner whatsoever. The departing Partner may however retain such records as are required to properly account for Partnership income and to complete income tax filings.

14.2 Distribution of Profits

Except when precluded or otherwise prohibited by the terms of any debt financing and to the extent permitted by law, the profits of the Partnership available for Distributions, after making such provisions and transfers to reserves as may be required in the opinion of the Management Committee to meet expenses or anticipated expenses and reasonable commercial contingencies, shall be distributed no less frequently than annually by the Management Committee.

14.3 Disposition to Affiliate

A Partner may sell, transfer, or otherwise dispose of the whole but not a part of its Partnership Interests to any of its Affiliates provided that at all times the Affiliate is, or is owned and Controlled by George C. Shen or Manjinder Dhinsa (in the case of White Castle) or John Barath (in the case of Ridge) or Derek Prue (in the case of Prairie Western), and the Partner and the Affiliate enter into an agreement with the other Partner that:

- (a) the Affiliate shall remain an Affiliate so long as it holds the Partnership Interests;
- (b) prior to the Affiliate ceasing to be an Affiliate, it shall transfer the Partnership Interests back to the Partner or to another Affiliate of the Partner, and such other Affiliate must enter into a similar agreement with the other Partner; and
- (c) the Affiliate shall otherwise be bound by the provisions of this Agreement.

Any sale, transfer or other disposition referred to in this section 14.3 shall not release the Partner from its obligations hereunder.

14.4 Permitted Transferees

Subject to Article 10 and section 14.3, no sale, transfer, conveyance or assignment of a Partner's Partnership Interests shall be effective without the prior written consent of the Partnership (which consent may be arbitrarily withheld by the Partners) as evidenced by Resolution of the Partners and the proposed transferee must agree to be bound by the terms of this Agreement.

14.5 Release of Guarantee Agreements

In the event a selling Partner or a Principal of a selling Partner, or both, are contingently liable under any Guarantee Agreements or otherwise for any obligations or liability of the Partnership, then in such event the purchasing party shall provide indemnities to the selling Partner and the selling Partner's Principal, where necessary, against such liability or obligation and shall use reasonable commercial efforts to attempt to obtain releases from such contingent liabilities. There is no obligation on the part of the remaining Partner to obtain a release(s).

14.6 Further Assurances

The Partners and each of them do hereby covenant and agree to do such things and sign such other documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement in accordance with its true intent.

14.7 Entire Agreement

This Agreement and the security delivered hereunder constitutes the entire agreement between the Partners relating to the subject matter hereof and supersedes



all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Partners and there are no warranties, representations or other agreements between the Partners in connection with the subject matter hereof except as specifically set forth herein or in the security delivered hereunder. The recital clauses and the attached Schedules are part of this Agreement.

14.8 Consent or Approval

Any consent or approval required under the terms of this Agreement shall be deemed to mean "prior written consent" or "prior written approval" as the case may be.

14.9 Payment of Monies

The Partners acknowledge and agree that any payment of monies required to be made hereunder shall be made in Canadian funds and that any tender of monies or documents hereunder may be made upon the solicitors acting for the person upon who the tender is desired and it shall be sufficient that a negotiable bank draft, certified cheque or solicitor's trust cheque is tendered instead of cash.

14.10 Unenforceable Terms

If any term, covenant or condition of this Agreement or the application thereof to any Partner or circumstance shall be invalid or unenforceable to any extent, then the remainder of this Agreement or application of such term, covenant or condition to a Partner or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

14.11 Amendments

This Agreement may be altered or amended in any of its provision when any such changes are reduced to writing and are signed by all of the Partners but not otherwise.

14.12 Remedies Not Exclusive

No remedy herein conferred upon any Partner is intended to be exclusive of any other remedy available to that Partner but each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing by law or in equity or by statute.

14.13 Partner Indemnity

Each Partner (the "Defaulting Partner") agrees to fully indemnify and hold the other Partner harmless from, without limitation, all expenses, costs (including costs on a solicitor and his own client full indemnity basis) and liabilities arising with respect to any person or the other Partner, incurred by reason of, without limitation, any acts or omission or of any negligence or tortious acts of the Defaulting Partner under and by reason of this Agreement unless the other Partner has given its prior written approval of

such conduct to the Defaulting Partner or, have participated directly or indirectly in such conduct.

14.14 Time

Time shall be of the essence of this Agreement.

14.15 Non-Waiver

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default committed by any of the Partners in the observance of or the performance of any part of this Agreement shall not extend to or be taken in any manner to affect any other default.

14.16 Notices

Any notice or other communication required or permitted to be given by any Partner shall be in writing and shall be delivered personally or shall be communicated by facsimile transmission addressed to the Partner to which it is to be given as follows:

(a) If to White Castle

White Castle Realty Investments Ltd.
11228 - 33 Avenue
Edmonton, Alberta, T6J 3X3
Attention: George C. Shen
Fax: (780) 434-4082

(b) If to Ridge

Ridge Development Corporation
17307-106 Avenue
Edmonton, Alberta, T5S 1L7
Attention: John Barath
Fax: (780) 483-7050

(c) If to Prairie Western

Prairie Western Development Corp.
#204, 5013 - 48 Street
Stony Plain, Alberta
T7Z 1L8
Attention: Derek Prue
Fax: (780) 968-4738

(d) If to the Partnership

Same as Prairie Western



Every notice duly given, if delivered, is received at the date of delivery thereof and if sent by telecopier/facsimile machine, is received at the date sent and received according to an electronic confirmation report.

14.17 Conditions Subsequent

This Agreement and the rights and obligations of the Partners are subject to satisfaction or waiver of each of the following conditions subsequent:

- (a) White Castle making the Capital Contribution as specified in this Agreement;
- (b) Ridge and White Castle securing Project Financing by the later of ninety (90) days from the date of execution of this Agreement or the date of execution of the Head Lease.

If these conditions are not fulfilled or waived, then any Partner may, at its option terminate this Agreement, in which case the Partnership shall be dissolved and the provisions of Article 13 shall apply.

14.18 Enurement

This Agreement shall enure to the benefit of and be binding upon the Partners and their respective successors and permitted assigns.

14.19 Signing

This Agreement may be executed in any number of counterparts, each of which when executed and delivered (by facsimile or otherwise) will be deemed to be an original, and all of which together will constitute one and the same document.

IN WITNESS WHEREOF the Partners hereto have signed this Agreement as of the day and year first above written.

PRAIRIE WESTERN DEVELOPMENT CORP.

Per: _____

Per: _____

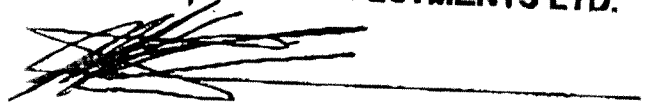
RIDGE DEVELOPMENT CORPORATION

Per: _____

Per: _____

WHITE CASTLE REALTY INVESTMENTS LTD.

Per:

A handwritten signature in black ink, consisting of several overlapping, sweeping strokes, positioned over a horizontal line.A handwritten signature in black ink, featuring a large, stylized initial 'S' followed by several loops and a final flourish.

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2013/08/14
Time of Search: 09:52 AM
Search provided by: OGILVIE LLP, Edmonton

Service Request Number: 20113456
Customer Reference Number: 2185.32/KAR

Corporate Access Number: 2011651292
Legal Entity Name: PRAIRIE WESTERN DEVELOPMENT CORP.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2005/04/18 YYYY/MM/DD

Registered Office:

Street: 201, 11404 WINTERBURN ROAD NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 2Y3

Records Address:

Street: 201, 11404 WINTERBURN ROAD NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 2Y3

Directors:

Last Name: PRUE
First Name: DEREK
Middle Name: STEVE
Street/Box Number: 11-50410 RANGE ROAD 275
City: STONY PLAIN
Province: ALBERTA
Postal Code: T7Z 1Z8

Voting Shareholders:

Last Name: PRUE
First Name: DEREK (IN TRUST)
Middle Name: TYLER STEVE
Street: 17, 99-26321 SECONDARY HIGHWAY 627
City: SPRUCE GROVE
Province: ALBERTA
Postal Code: T7Y 1C7

This is Exhibit " C " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 20 13

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT AT-LAW
COMMISSIONER FOR OATHS

Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: UNLIMITED CLASS "A" COMMON VOTING SHARES. UNLIMITED CLASS "B" COMMON VOTING SHARES. UNLIMITED CLASS "C" COMMON NON-VOTING SHARES. UNLIMITED CLASS "D" PREFERRED NON-VOTING SHARES.

Share Transfers Restrictions: SHARE TRANSFERS SHALL BE SUBJECT TO THE TERMS OF ANY UNANIMOUS SHAREHOLDERS AGREEMENT AND SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS.

Min Number Of Directors: 1

Max Number Of Directors: 12

Business Restricted To: THERE ARE NO RESTRICTIONS ON THE BUSINESS THE CORPORATION MAY CARRY ON.

Business Restricted From: THERE ARE NO RESTRICTIONS ON THE BUSINESS THE CORPORATION MAY CARRY ON.

Other Provisions: THE LIABILITY OF THE MEMBERS IS LIMITED.

Holding Shares In:

Legal Entity Name
1324206 ALBERTA LTD.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
PRAIRIE WESTERN INVESTMENTS	TN13671706
WHITEMUD HEIGHTS	TN13285127

Other Information:

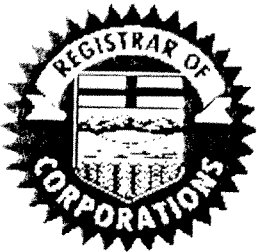
Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2013	2013/03/22

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2005/04/18	Incorporate Alberta Corporation
2006/05/08	Change Director / Shareholder
2011/08/31	Change Address
2013/03/22	Enter Annual Returns for Alberta and Extra-Provincial Corp.

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the



Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2013/08/13
Time of Search: 10:41 AM
Search provided by: OGILVIE LLP, Edmonton

Service Request Number: 20108351
Customer Reference Number: 2185.32/kar

This is Exhibit " D " referred to in the affidavit
/ statutory declaration of Sohn Barath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT AT LAW
COMMISSIONER FOR OATHS

Corporate Access Number: 2010795223
Legal Entity Name: RIDGE DEVELOPMENT CORPORATION

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2003/12/02 YYYY/MM/DD

Registered Office:

Street: 17307 - 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1E7

Records Address:

Street: 17307 - 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1E7

Directors:

Last Name: BARATH
First Name: JOHN
Street/Box Number: 17307 - 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1E7

Voting Shareholders:

Last Name: BARATH
First Name: JOHN
Street: 17307 - 106 AVENUE
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1E7
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: AS PER SCHEDULE "A" ATTACHED HERETO

Share Transfers Restrictions: NO SHARES OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE PRIOR APPROVAL OF A MAJORITY OF THE BOARD OF DIRECTORS BY RESOLUTION PASSED AT A DULY CONSTITUTED MEETING OF THE BOARD.

Min Number Of Directors: 1

Max Number Of Directors: 9

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: AS PER SCHEDULE "B" ATTACHED HERETO

Holding Shares In:

Legal Entity Name
1324206 ALBERTA LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2012	2012/12/04

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2003/12/02	Incorporate Alberta Corporation
2008/02/11	Change Address
2012/12/04	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2003/12/02
Other Rules or Provisions	ELECTRONIC	2003/12/02

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



Government Corporation/Non-Profit Search of Alberta Corporate Registration System

Date of Search: 2013/10/03
Time of Search: 04:10 PM
Search provided by: OGILVIE LLP, Edmonton

Service Request Number: 20364192
Customer Reference Number: 59603.1/KAR

This is Exhibit " E " referred to in the affidavit
/ statutory declaration of John Borah
Sworn before me this 24 day of November
A.D. 20 13

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

Corporate Access Number: 2013143546
Legal Entity Name: WHITE CASTLE REALTY INVESTMENTS LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2007/04/11 YYYY/MM/DD
Date of Last Status Change: 2011/08/24 YYYY/MM/DD

Registered Office:

Street: 1583 HECTOR ROAD NW
City: EDMONTON
Province: ALBERTA
Postal Code: T6R 2Z4

Records Address:

Street: 1583 HECTOR ROAD NW
City: EDMONTON
Province: ALBERTA
Postal Code: T6R 2Z4

Directors:

Last Name: DHINSA
First Name: MANJINDER
Street/Box Number: 1725 - 65 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T6L 1N1

Last Name: SIEN
First Name: GEORGE
Middle Name: C.
Street/Box Number: 1583 HECTOR ROAD
City: EDMONTON
Province: ALBERTA
Postal Code: T6R 2Z4

Voting Shareholders:

Last Name: DIHNSA
First Name: MANJINDER
Street: 1725 - 65 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T6L 1N1
Percent Of Voting Shares: 50

Last Name: SHEN
First Name: GEORGE
Middle Name: C.
Street: 1583 HECTOR ROAD
City: EDMONTON
Province: ALBERTA
Postal Code: T6R 2Z4
Percent Of Voting Shares: 50

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: AS PER SCHEDULE "A" ATTACHED HERETO
Share Transfers Restrictions: THE RIGHT TO TRANSFER THE CORPORATION'S SHARES IS RESTRICTED EXCEPT BY APPROVAL OF THE BOARD OF DIRECTORS WHICH MAY BE ARBITRARILY WITHHELD.
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: THERE SHALL BE NO RESTRICTIONS OR LIMITATIONS ON THE BUSINESS OF THE COMPANY.
Business Restricted From: THERE SHALL BE NO RESTRICTIONS OR LIMITATIONS ON THE BUSINESS OF THE COMPANY.
Other Provisions: AS PER SCHEDULE "B" ATTACHED HERETO

Holding Shares In:

Legal Entity Name
1324206 ALBERTA LTD.
1328726 ALBERTA LTD.
LOVINAC GRANT HOLDINGS LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2013	2013/05/22

Filing History:

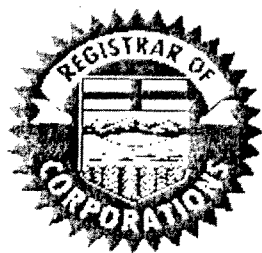
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List Date (YYYY/MM/DD)	Type of Filing
2007/04/11	Incorporate Alberta Corporation
2011/06/02	Status Changed to Start for Failure to File Annual Returns
2013/05/22	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/04/11
Other Rules or Provisions	ELECTRONIC	2007/04/11

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



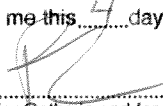
HER MAJESTY THE QUEEN IN RIGHT OF CANADA

AND

1324206 ALBERTA LTD.

COMMERCIAL LEASE

This is Exhibit " F " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 2013


Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

COMMERCIAL LEASE

This Lease is effective as of Feb 21/08.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by
the Minister of Indian Affairs and Northern Development,

(the "Lessor")

AND:

1324206 ALBERTA LTD., 1325 Manulife Place, 10180 – 101 Street, in
the City of Edmonton and the Province of Alberta

(the "Lessee").

BACKGROUND:

- A. The Lands are part of Stony Plain Indian Reserve No. 135, which are held for the use and benefit of the Enoch Cree Nation.
- B. The Lands are in the lawful possession of the Locatee, who applied to the Lessor for the Premises to be leased and consented to the terms of the Lease, as evidenced by a copy of the consent attached as Appendix "E" to this Lease.
- C. The Lessee has applied to lease the Premises.
- D. The Lessor is authorized to grant this Lease under subsection 58(3) of the *Indian Act*.
- E. The Band Council, on behalf of the Band, acknowledged and declared that it is not opposed to the granting of this Lease, as evidenced by a copy of the band council resolution attached as Appendix "A".

NOW THEREFORE, for mutual consideration, the Parties covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Lease, the terms defined in Schedule "A" have, unless otherwise specifically provided elsewhere in this Lease, the meanings ascribed to them in that schedule.

1.2 Parts of the Lease

The structure of this Lease is as follows: article (e.g. 1.), section (e.g. 1.1), subsection (e.g. 1.1.1), and paragraph (e.g. 1.1.1(a)). Unless otherwise stated, any reference to an article, section, subsection, or paragraph means the appropriate part of this Lease, unless the provision states something different.

1.3 Headings

All headings in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, enlarge, modify, or explain the scope or meaning of the Lease or any of its provisions.

1.4 Extended Meanings

Reference to a Party will be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made. All words in the singular will include the plural and vice-versa where the context allows. Any defined terms in this Lease will be read as having an appropriate corresponding meaning if referred to in the singular form, plural form, verb form or noun form. In this Lease: "includes" means "includes, without limitation,"; "including" means "including, without limitation,"; "Lessee will not use" includes "Lessee will not use, or suffer or permit the use of,"; and "Lessee will not cause" includes "Lessee will not cause, permit, or suffer".

2. PREMISES & MINERALS

2.1 The Demise

The Lessor leases the Premises to the Lessee, and the Lessee accepts this Lease from the Lessor, to have and to hold during the Term, paying Rent to the Lessor during the Term and subject to the terms, covenants, conditions, provisos, exceptions and reservations contained in this Lease.

2.2 Minerals

The Lessor excepts and reserves from the demise all Minerals in, on or under the Premises and retains the right to enter the Premises to prospect and drill for and to work, extract or produce Minerals subject to reasonable notice being provided to the Lessee, provided that the exercise of rights under this section will not materially interfere with the use and enjoyment of the Premises by the Lessee in accordance with the terms of this Lease.

2.3 Compensation for Interference

The Lessor will determine compensation, if any, and give a notice to the Lessee of the amount of compensation, if any, that is to be paid for interference with this Lease by the Lessor's exercise of its rights under section 2.2, and such interference, if any, will not be a breach of the Lessor's covenant of quiet enjoyment. For greater certainty, the Lessor shall require as a condition of any grant of right pursuant to section 2.2 that compensation be paid by the grantee to the Lessee, but the Lessor shall in no way be obligated to pay compensation pursuant to this section.

2.4 Lessee's Disagreement with Compensation

If the Lessee disagrees with the compensation determined by the Lessor under section 2.3, then the Lessee may, at its expense and within 60 days from delivery of the notice referred to in section 2.3, refer the matter to Federal Court under section 17 of the *Federal Court Act* for a review of the determination of compensation. If the Lessee fails to refer the matter to Federal Court within the specified time, then the compensation will be deemed to be that set out in the Lessor's notice.

2.5 Prior Rights

This Lease is subject to any existing encumbrance or right given for or attaching to the Premises, or any part of the Premises, whether or not the Lessee has notice of these encumbrances or rights. Canada represents and warrants that it has reviewed its files and such review has not disclosed any prior encumbrance other than:

- (a) Blanket Distribution Permit granted to Alberta Government Telephones dated October 14, 1969 and as registered in the Indian Lands Registry under number 15389 and as amended by 206120, 270394 and 270395;
- (b) Blanket Distribution Permit granted to Calgary Power Ltd. dated July 7, 1975 and as registered in the Indian Lands Registry under number 56470 and as amended by 206390;
- (c) Blanket Distribution Permit granted to Northwestern Utilities Limited dated June 16, 1972 and as registered in the Indian Lands Registry under number X17088 and as amended by 314500; and
- (d) Blanket Distribution Permit granted to Her Majesty the Queen in Right of Alberta dated May 20, 2004 and as registered in the Indian Lands Registry under number 323673.

2.6 Other Interests

The Lessor reserves the right to further charge the Premises, or any part of the Premises, by way of easement, right-of-way, restrictive covenant, or other like interest in land in favour of any Authority and the Lessee will, at the request of the Lessor, expeditiously execute and deliver to the Lessor such instrument as may be necessary to subordinate the Lessee's right and interest in the Premises under this Lease to such charge.

3. USE OF PREMISES

3.1 Types of Use

The Lessee will not use the Premises for any purposes except for the construction, operation, and maintenance of a 123 unit multi-family residential housing complex, together with other facilities ancillary to those purposes as set forth in the Development Plan.

3.2 Licenses or Subleases

The Lessee may, with the prior written consent of the Minister, such consent not to be unreasonably withheld, during the Term and in connection with the installation and maintenance of water, sewage, electricity, gas, telephone, cable and other utility or service systems which may be required by the Lessee to service the Lands, the subleased units or any part thereof and any structures or buildings thereon, grant licences or subleases over the premises or any part thereof to any public utility or other entity providing the utility or service on terms and in a form acceptable to the Minister

(such approval not to be unreasonably withheld), provided that the term of any such licence or sublease shall not extend beyond one day before the expiration of this Lease.

3.3 "As Is - Where Is" Lease

The Premises are being leased to the Lessee by the Lessor on an "as is - where is" basis. The Lessee represents and warrants that it has:

3.3.1 inspected the Premises and conducted all independent investigations of the Premises, including any investigations relating to the compliance of the Premises with any Laws and the presence of Contaminants in, on, or under the Premises that it has deemed prudent prior to taking possession of the Premises; and

3.3.2 satisfied itself that the Premises are suitable for the intended uses and that those uses are within the scope of the permitted uses.

3.4 No Vacating or Abandoning

The Lessee will not vacate or abandon the Premises at any time during the Term without the prior written consent of the Lessor.

3.5 Right to Let

3.5.1 If the entire Premises are vacated or abandoned after they are occupied pursuant to the terms of this Lease, the Lessor will have the right, at the Lessor's option, to:

- (a) enter the Premises as the agent of the Lessee, either by force or otherwise, without being liable for any action or for any loss or damage caused by the entry or the use of force;
- (b) to let the Premises as the agent and at the risk of the Lessee; and
- (c) to receive the rent for any letting.

3.5.2 Rent received by the Lessor as agent for the Lessee for any letting may be applied by the Lessor to any expenses incurred by the Lessor in the entry and letting of the Premises and to any other monies owing to the Lessor under this Lease in such proportions and in such order of priority as the Lessor may decide.

3.5.3 The Lessor will not be construed as entering the Premises as agent of the Lessee if, prior to the entry, the Term ended.

3.6 Access

The Lessee is solely responsible for securing and maintaining legal access (be it by public or private road, water, air or otherwise) to and from the Premises. The Lessor shall reasonably consider requests from the Band Council, as evidenced by a band council resolution, with the consent of the Lessee, for the granting of access and other required permits.

3.7 Quiet Enjoyment

The Lessee, by paying the Rent and observing and performing the obligations, covenants, and agreements in this Lease, may peaceably and quietly possess, hold, and enjoy the Premises during the Term without any interruption or disturbance by the Lessor, or any Person claiming by, through or under the Lessor, except as otherwise provided in this Lease.

4. RENT

4.1 Rent to be Paid

The Lessee will pay the Lessor as rent during the Term, in lawful money of Canada, without abatement, deductions or set-off, by certified cheque or bank draft in favour of the Receiver General of Canada:

4.1.1 If the Premises are serviced by the City of Edmonton, Fair Market Rent in the amount of \$1,790,000.00 plus GST;

4.1.2 If the Premises are not serviced by the City of Edmonton, Fair Market Rent in the amount of \$1,390,000.00 plus GST;

to be paid on the earlier of June 30, 2009 and that date on which the first unit located at the Premises is occupied.

4.1.3 Additional Rent

4.2 Payment over to Beneficiary

Any Prepaid Rent paid to the Lessor will have been paid over to the benefit of the Locatee and will not be available to be refunded to the Lessee. The Lessee will have no right to a refund of, and the Lessor will not be liable to the Lessee for refunding, any Rent in the event of termination of this Lease.

4.3 Additional Rent

If, at any time before or after the expiration or earlier termination of the Lease, the Lessor:

4.3.1 suffers or incurs any damage, loss, or expense by reason of any failure of the Lessee to perform or observe any of the Lessee's obligations, covenants, or agreements contained herein;

4.3.2 makes any payment for which the Lessee is liable under this Lease; or

4.3.3 is compelled or elects to incur any expense (including legal fees of the Lessor on a solicitor-client basis in instituting, prosecuting, or defending any action or proceeding instituted by reason of any default of the Lessee under this Lease, including any action or proceeding against the Lessee),

then, in every such case, the amount of damage, loss, expense, or payment, together with an administration fee of 15% of the damage, loss, expense, or payment, will be due and payable by the Lessee to the Lessor on notice from the Lessor and be recoverable by the Lessor in the manner provided by law for the recovery of rent in arrears. This section survives the expiration or earlier termination of this Lease.

4.4 Arrears to Bear Interest

If Rent or any other payment required to be made under this Lease by the Lessee to the Lessor is not paid when it is due, then the Lessee will pay interest on the unpaid amount at the rate established from time to time by the Treasury Board of Canada for Indian moneys held in the Government of Canada's Consolidated Revenue Fund, plus 5%, calculated quarterly and compounded semi-annually, from the date the payment is due until the date the payment is made by the Lessee. This stipulation for interest will not prejudice or affect any other remedies of the Lessor under this Lease or otherwise, or

be construed to relieve the Lessee from any default in paying Rent or other amounts at the time and in the manner specified in this Lease.

5. ASSIGNMENTS, SUBLEASES & MORTGAGES

5.1 Assignments

5.1.1 Except as provided in section 5.3, the Lessee will not assign the whole or any part of its interest in this Lease without the prior written consent of the Lessor in each instance, which consent may not be unreasonably withheld.

5.1.2 No assignment is valid until the proposed assignee has executed a written agreement (substantially in the form set out in Appendix "B") covenanting and agreeing with the Lessor that, upon the Lessor's consent to the assignment, that assignee will observe and perform all of the obligations, covenants, and agreements to be observed or performed by the Lessee under this Lease.

5.2 Subleases

5.2.1 Except as provided in section 5.3 the Lessee will not sublease the whole or any part of its interest in this Lease without the prior written consent of the Lessor.

5.2.2 Notwithstanding section 5.2.1 the Lessor hereby consents to any sublease upon the condition that the requirements of section 5.2.3 and section 5.2.4 are satisfied.

5.2.3 A sublease is not valid unless:

- (a) it ends before the last day of the Term;
- (b) it expressly terminates upon the early termination of this Lease;
- (c) it is expressly subject and subordinate to this Lease and to the rights of the Lessor under this Lease;
- (d) it is consistent with the terms of this Lease and will not cause the Lessee to breach a term of this Lease;
- (e) it is registered in the Registry;
- (f) it shall bind the Sublessee to all terms of this Lease and shall provide that

in the event of conflict between the terms of this Lease and the Sublease, the terms of this Lease shall govern;

- (g) the Sublessee provides a written acknowledgment in the form attached as Appendix "C" in favour of the Lessor;

5.2.4 For greater certainty, any Sublease granted by a Sublessee shall be subject to and governed by the terms and conditions of this Lease.

5.2.5 The Lessee acknowledges and agrees that:

- (a) the sublease of the Lessee's interest in this Lease by the Lessee shall not relieve or discharge the Lessee from any of its obligations or liabilities under this Lease;
- (b) the Lessor is in no way responsible to the Lessee or Sublessee for the inability, except where such inability arises as a result of a breach of the terms of this Lease by the Lessor, of the Lessee or Sublessee to use the Premises or any portion thereof as anticipated or proposed and the Lessee hereby releases and indemnifies the Lessor against any such claim against the Lessor by the Lessee or Sublessee.

5.3 Mortgages

5.3.1 The Lessee will not grant a Mortgage of the whole or any part of its interest in this Lease, and a Mortgage will not be valid, without the prior written consent of the Lessor in each instance, which consent will:

- (a) not be unreasonably withheld; and
- (b) be by way of agreement with the Mortgagee and the Lessee in substantially the form set out in Appendix "D".

5.3.2 If any of the obligations, covenants, and agreements in the consent agreement referred to in subsection 5.3.1 are not performed or complied with, then a breach of this Lease will have occurred.

5.3.3 Every mortgage of the Lessee's leasehold interest or any part or parts thereof shall contain a covenant by the Mortgagee agreeing that the proceeds of all insurance policies with respect to the Premises shall be used in accordance with

Articles 15 and 17 of this Lease, PROVIDED HOWEVER THAT if the loan secured by the mortgage of a Mortgagee has been used in the development, construction, renovation, repair or reconstruction of the Premises, or the refinancing of same, and if there is Substantial Destruction of the Premises occurring prior to the date of Substantial Completion, the insurance proceeds may, at the option of the Lessee or Mortgagee and subject to subsection 15.1.4, be used as follows:

- (a) Firstly, for the purpose of cleanup and restoration of the Lands to their condition prior to the event immediately giving rise to the Substantial Destruction unless the Lessee gives notice to the Minister that it is terminating the Lease pursuant to subsection 15.1.1, as provided for herein, in which case the proceeds shall be used for the purpose of cleanup and restoration of the Lands to their condition prior to the commencement of construction of Improvements or such lesser environmental condition acceptable to the Lessor. In any case, such cleanup and restoration shall be completed to the satisfaction of the Minister;
- (b) secondly, at the option of the Lessee or the Mortgagee to pay out the mortgage loan to the extent the indebtedness thereunder relates to the proceeds used in the development, construction, renovation, repair or reconstruction of the Improvements (including interest charges, soft costs and other costs relating to the mortgage) or the refinancing of the same; and
- (c) thirdly, if the option in paragraph 15.1.1 is not exercised by the Lessee or the Mortgagee, or if there are proceeds remaining after application of the insurance proceeds, either to:
 - (a) repair or rebuild the loss or damage; or
 - (b) if the Lessee notifies the Minister it is terminating, this Lease pursuant to subsection (a), and does not intend to restore or rebuild the Improvements, to pay the proceeds of the insurance to the Lessee and the Lessor in accordance with their interests in the Premises, taking into account the years remaining in the Term of this Lease. The Lessee and the Lessor will endeavour to agree to the allocation of the insurance proceeds, PROVIDED THAT either Party may refer the matter to the Federal Court pursuant to Article

25 if they are unable to agree to the allocation within thirty (30) days from notice by one Party to the other requiring such determination.

5.3.4 Despite the obligations of the Lessee under this section, a Sublessee may mortgage its interest in a sublease without the consent of the Lessor.

5.4 Consent Limited

Consent to any assignment or Mortgage will not be construed as consent to any further assignment or Mortgage.

5.5 No Relief of Obligations

A disposition of any of the Lessee's interest in this Lease will not relieve or discharge the Lessee from any of its obligations or liabilities under this Lease except as expressly agreed to by the Lessor.

6. CONSENT AND REGISTRATION

6.1 Provide Four Copies

The Lessee will ensure that an originally executed copy of each assignment, sublease or mortgage referred to in Article 5, along with an original copy of the required consent, is registered in the Registry.

6.2 Consent No Assurance

Neither the Lessor's consent to any disposition of the leasehold nor anything contained in this Lease will constitute any assurance to anyone that:

6.2.1 the instrument being consented to will be registered in the Registry, and the consent will not relieve the Lessee from the obligation to provide the form of document required for registration;

6.2.2 this Lease or any assignment, sublease, Mortgage, or other disposition of the leasehold can or may be registered in the provincial land title office.

7. COMPLIANCE WITH LAWS

7.1 General Requirement

The Lessee will at its expense observe, perform, and comply with all applicable Laws concerning this Lease, the Premises, or any activity on the Premises.

7.2 Notice

Without relieving or modifying the obligation of the Lessee to comply with section 7.1, if any notice is given from any Authority lawfully requiring the execution of works or the commencement or cessation of any activity at the Premises, then the Lessee will, upon receiving the notice, expeditiously forward a copy of it to the Lessor. The Lessee will expeditiously, upon completion of the works or the commencement or cessation of any activity at the Premises required by the notice, provide evidence satisfactory to the Lessor of compliance with the terms of the notice, including any certificates of inspection issued by the Authority.

7.3 Contesting the Validity

Without relieving or modifying the obligation of the Lessee to comply with section 7.1, the Lessee may at its expense, contest or appeal the validity of the requirement of the Authority, provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity and continues the proceedings with all due diligence.

7.4 Authorization to Receive Information

On notice from the Lessor, the Lessee will immediately deliver to the Lessor, an Authority, or both, written authorization for the Lessor to receive any information from the Authority about the Lessee's compliance with any applicable Laws, including the payment of any applicable taxes, trade licences, rates, levies, duties, or assessments of any kind.

8. TAXES

8.1 General Requirement

Without limiting the generality of article 7, the Lessee will pay, on or before the due date in each and every year during the Term, all applicable taxes, trade licences, rates,

levies, duties, and assessments of any kind imposed by any Authority, whether in respect of:

8.1.1 the Premises, fixtures, machinery, or equipment;

8.1.2 sales, transactions, or business relating to the Premises;

8.1.3 occupation of the Premises by any Person; or

8.1.4 the payment of Rent and other amounts payable hereunder.

8.2 Contesting the Validity

Without in any way relieving or modifying the obligation of the Lessee to comply with section 8.1, the Lessee may at its expense, contest or appeal the validity or amount of any tax, trade licence, rate, levy, duty, or assessment provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity or amount and continues the proceedings with all due diligence.

8.3 Provision of Documents

The Lessee will provide the Lessor with official receipts of the Authority or other proof satisfactory to the Lessor evidencing payment of any taxes, trade licences, rates, levies, duties, or assessments.

9. UTILITIES

9.1 Lessee's Responsibility to Provide

The Lessee will provide and maintain or cause to be provided and maintained, at its expense, all services and facilities required from time to time for the use of the Premises, including water, gas, telephone, light, power, heat, air-conditioning, and sewage and garbage disposal services and facilities.

9.2 Interruption Not a Disturbance

The interruption of any service or facility provided to the Premises will not:

9.2.1 be a disturbance of the Lessee's enjoyment of the Premises;

9.2.2 render the Lessor liable for any loss, injury, or damages to the Lessee; or

9.2.3 relieve the Parties from their obligations under this Lease.

10. ENVIRONMENT

10.1 Contaminants

The Lessee will not use the Premises to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce, Spill, or process any Contaminants, except as may be reasonably required for uses permitted under article 3 and in strict compliance with Environmental Laws and with the prior written consent of the Lessor, which consent may not be unreasonably withheld.

10.2 Removal of Contaminants

10.2.1 Without limiting section 10.3, if requested by the Lessor or any Authority, the Lessee will, at its own expense, promptly remove from the Premises any Contaminants that are, or have been, located, stored, or incorporated in, on, or under the Premises and, upon the removal, will immediately provide the Lessor with documentation satisfactory to the Lessor confirming the completion of the removal satisfactory to the Lessor and any Authority.

10.2.2 Prior to the end of the Term, the Lessee will, at its own expense, remove from the Premises any Contaminants that are, or have been, located, stored, or incorporated in, on, or under the Premises.

10.3 Report of Spill

Upon the Spill of any Contaminants, or discovery of a Spill of any Contaminants, by the Lessee in, on, above, or under the Premises, the Lessee will:

10.3.1 immediately deliver written notice to the Lessor and any appropriate Authority of the occurrence of the Spill and details relating to the Spill, including, the time and extent of the Spill, the estimated amount of Contaminants involved, the remedial action taken prior to the delivery of the notice, the remedial action that the Lessee intends to take in order to contain or rectify the Spill, and any Persons observed who appeared to have caused or who were in the vicinity of the Spill;

10.3.2 at its own expense, immediately take all remedial action necessary to fully rectify the effects of the Spill in compliance with all Environmental Laws;

10.3.3 provide the Lessor with an independently-prepared report, satisfactory to the Lessor, of the Lessee's activities under sub-section 10.3.2 and the state of the Premises after such activities compared with the state of the Premises prior to the Spill; and

10.7.1 do such further activities as the Lessor may reasonably require, based on the report referred to in paragraph 10.3.3, to rectify the Spill.

10.4 Increased Risks

The Lessee will not carry out, or permit or suffer to be carried out, any operations or activities or construct any Alterations or Improvements that materially increase the risk of liability to the Lessor (whether direct or indirect) as a result of the application of Environmental Laws (as determined by the Lessor acting reasonably).

10.5 Title to Contaminants

Notwithstanding any rule of law to the contrary, any Contaminants that are located, stored, Spilled, or incorporated in, on, or under the Premises remain the sole and exclusive property of the Lessee and will not become the property of the Lessor, regardless of any degree of affixation of the Contaminants to the Premises.

10.6 Audit and Environmental Site Assessment

10.6.1 The Lessee had an independent consultant undertake an environmental assessment, a report of which assessed the environmental impacts of the proposed project and the mitigative measures required to prevent harm to the environment; the report is titled Whitemud Heights Residential Development Environmental Assessment and dated October 17, 2007. The Lessee delivered a copy of the report to the Lessor prior to the Commencement Date.

10.6.2 Within 8 months before the expiration of this Lease, or within 120 days after the earlier termination of this Lease, the Lessee will undertake, at the Lessee's own expense, and provide to the Lessor, an environmental site assessment report

conducted by an independent consultant designated or approved by the Lessor.

10.6.3 In preparing the reports referred to in subsections 10.6.1 and 10.6.2, the environmental consultant was, or will be, as the case may be, required to review the site history and inspect the Premises to identify portions of the Premises with indicators of contamination and to conduct appropriate testing to assess suspect soil and, if practical, water. In identifying such portions of the Premises, the consultant relied, or will rely, as the case may be, at least on historical information and instances of visually apparent unusual soil, water, or vegetation conditions.

10.6.4 The reports referred to in subsections 10.6.1 and 10.6.2 will be *prima facie* evidence between the Parties of the respective environmental condition of the Premises immediately prior to the Commencement Date and at the termination of this Lease.

10.6.5 At the expiration or earlier termination of this Lease, the Lessee will remediate the Premises to the environmental condition of the Premises existing prior to the commencement of construction of Improvements, or such lesser environmental condition acceptable to the Lessor.

10.7 Representations and Warranties of the Lessee

The Lessee represents and warrants to the Lessor, and acknowledges that the Lessor is specifically relying on such representations and warranties, that:

10.7.1 neither the Lessee nor any affiliated company of the Lessee, other company controlled by the same shareholders having control of the Lessee, or any directors of the Lessee has ever been prosecuted or convicted of any offences under any Environmental Laws;

10.7.2 neither the Lessee nor any affiliated company of the Lessee or other company controlled by the same shareholders having control of the Lessee has ever been the recipient of any tickets, notices of non-compliance, orders, or administrative penalties under any Environmental Laws; and

10.7.3 the conduct of the Lessee's operations does not involve storing or Spilling any Contaminants.

10.8 Survival of Article

This article survives the expiration or earlier termination of this Lease.

11. NUISANCE, WASTE & RUBBISH

11.1 Nuisance

The Lessee will not cause any nuisance at the Premises.

11.2 Waste

Except as required by the construction of the Improvements, the Lessee will not cause the commission of any waste of the Premises.

11.3 Rubbish

Without limiting section 11.1, the Lessee will not cause any rubbish or debris to be placed or left at the Premises except as is reasonably necessary in accordance with the uses permitted by this Lease or as otherwise permitted in writing by the Lessor.

12 IMPROVEMENTS AND ALTERATIONS

12.1 Construction

The Lessee will not make any Improvements or Alterations without first obtaining the required permits or approvals referred to in section 12.2.

12.2 Obtain Permits and Approvals

The Lessee will apply to the appropriate Authority and obtain any required permits or approvals necessary to make any Improvements or Alterations.

12.3 Provide Development Plan

The Lessee will provide a Development Plan for any Improvements or Alterations together with a written statement from an Architect or Engineer that the Development Plan complies with the terms of this Lease for approval by the Band Council. The Lessee will provide a copy of the Development Plan, the statements from the Architect, and the band council resolution evidencing the approval by the Band Council of the

Development Plan to the Lessor.

12.4 Construction to Comply With Permits and Approvals

Upon receipt of the required permits and approvals, the Lessee will make the Improvements or Alterations expeditiously and in a proper and workmanlike manner in accordance with the Development Plan, the materials provided to any Authority under section 12.2 and upon which any permits or approvals are based, and article 14.

12.5 Lessor Not Responsible

The provision to the Lessor of the Development Plan will not:

12.5.1 in any way be an assumption of responsibility by the Lessor for the Development Plan or any work completed in accordance with the Development Plan;

12.5.2 In any way be considered an approval by the Lessor of the Development Plan or any portion thereof; and

12.5.3 will not in any way relieve the Lessee of any other obligation, covenants, or agreements under this lease.

12.6 Occupancy

The Improvements may not be occupied by any Person until Substantial Completion and the occupation of any portion of the Premises prior to Her Majesty receiving the certificate of Substantial Completion may be considered by Her Majesty to be a breach of a covenant of this Lease.

12.7 Additional Documents

Upon completion of construction of the Improvements and if requested by the Lessor, the Lessee will expeditiously provide the Lessor with:

12.7.1 reproducible, as-built drawings certified correct by an Architect or Engineer; and

12.7.2 operation and maintenance manuals.

12.8 Signs

The Lessee, subject to all applicable laws, will not affix or exhibit, or permit or suffer the affixation or exhibition, upon the Premises any billboard or other similar advertising device except with the prior written consent of the Lessor, which consent will not be unreasonably withheld, except where necessary for the purposes permitted for the Premises pursuant to this Lease, including without limitation the advertising of units for sale, the name given to the Premises or the advertising of the name for the Mortgage.

13 MAINTENANCE

The Lessee will, at its expense, maintain the Premises in a good and tenantable condition in every respect as would a careful owner in occupation.

14 CONSTRUCTION REQUIREMENTS

14.1 General Requirement

Without limiting article 7, all Improvements or Alterations will be made in a good and workmanlike manner and to a quality consistent with any industry or construction standards for the respective type of Improvements, as those standards may be amended or replaced from time to time, and, in the case of Alterations, also at least as high as those of any Premises that are subject to the Alterations.

14.2 Security for Construction

Without in any way relieving the Lessee from any other obligation under this Lease, if making any Improvements or Alterations involves a cost in excess of \$50,000, then, before making the Improvements or Alterations, the Lessee will provide the Lessor with:

14.2.1 a performance bond, letter of credit, or other similar security acceptable to the Lessor (as evidenced in writing) in an amount at least equal to fifty percent (50%) of the estimated cost of the work without equivocation ; and

14.2.2 a labour and material bond, letter of credit, or other similar security acceptable to the Lessor (as evidenced in writing) for the payment of all labour and material in connection with the Improvements or Alterations.

The security provided under this section will be in forms satisfactory to the Lessor with

sureties, if required, approved by the Lessor and shall be accompanied by a certificate from a qualified professional that such security complies with provisions of section 15.2.

15 DAMAGE OR DESTRUCTION

15.1 In the event of damage or destruction to the Premises at any time during the Term, the Rent shall not abate, and the Lessee and the Lessor covenant and agree as follows:

15.1.1 In the event Substantial Destruction occurs to the Premises prior to the date of Substantial Completion then the Lessee may, at its option, elect to terminate this Lease by providing written notice to the Lessor no later than thirty (30) days after the date the Substantial Destruction occurs. In such event, the insurance proceeds will be dispersed in accordance with paragraphs 5.3.3(a) and (b) of this Lease.

15.1.2 In the event Substantial Destruction occurs to the Premises after the date of Substantial Completion and if at least seventy-five percent (75%) of the shareholders of the Lessee have voted in favour of such action at a duly convened general meeting of shareholders of the Lessee, then the Lessee may terminate this Lease by providing written notice to the Lessor no later than thirty (30) days after the date the Substantial Destruction occurs. In such event the insurance proceeds will be disbursed as follows:

- (a) firstly, for the purpose of cleaning up and restoration of the Lands to the same condition they were in immediately prior to the commencement of construction of Improvements, or such lesser environmental condition acceptable to the Lessor, which shall be completed to the full satisfaction of the Minister, and
- (b) secondly, to the Lessee and the Lessor in accordance with their respective interests in the Premises, taking into account the years remaining in the Term of this Lease, AND the Lessor and the Lessee will endeavour to agree upon the allocation of the insurance proceeds, PROVIDED THAT either Party may refer the matter of the allocation to the Federal Court pursuant to Article 25 of this Lease if the Parties are unable to agree upon the allocation within thirty (30) days from the notice by one Party to the other requiring such determination.

15.1.3 In the event damage of destruction occurs to the Premises at any time during the

Term which is not Substantial Destruction, then the Lessee shall be obliged to repair, replace, reconstruct or restore the Premises to the same condition as the Lessee was required to maintain the same pursuant to this Lease immediately prior to such damage or destruction, which shall be completed to the full satisfaction of the Minister. All repair, replacement, reconstruction and restoration shall be completed in accordance with Articles 12, 13 and 14 of this Lease, and the Lessee will be responsible for the repair, replacement, reconstruction and restoration of the Premises whether or not the cost of such work exceeds the insurance proceeds.

15.1.4 If the Lessee fails to give to the Lessor the thirty (30) days notice required pursuant to subsection 15.1.1 or 15.1.2 of this Lease, or if the Lessee fails to make available to the Lessor then the provisions of subsection 15.1.3 will apply notwithstanding that the damage or destruction is Substantial Destruction.

16 REMOVAL OF IMPROVEMENTS

16.1 No Removal of Improvements

The Lessee will not remove any of the Improvements from the Premises without the prior written consent of the Lessor, which consent may be unreasonably and arbitrarily withheld, and, except as provided by section 16.2, the Improvements will be the property of the Lessor at the expiration or earlier termination of the Lease.

16.2 Removal of Improvements on Notice

After the expiration or earlier termination of this Lease, the Lessee may, at its expense, expeditiously remove from the Premises any or all of the Improvements made after the Commencement Date, or any moveable goods and leave the remainder of the Premises in good and substantial repair and condition and free from all debris to the reasonable satisfaction of the Lessor.

16.3 Lessee Must Fix any Damage Arising From Removal

The Lessee will, at its expense, make good all damage caused to the Premises by the removal of any Improvements, or movable goods and leave the remainder of the Premises in good and substantial repair and condition and free from all debris to the reasonable satisfaction of the Lessor.

16.4 Lessor May Remove

If the moveable goods are not removed from the Premises, then the Lessor may remove them and dispose of them in the Lessor's absolute discretion. The Lessee will, upon notice from the Lessor, expeditiously pay to the Lessor all of the Lessor's costs and expenses incurred in the removal and disposal of such moveable goods and in making good all damage caused to the Premises by any removal. The Lessor will not be responsible to the Lessee or Sublessees for any loss suffered by any of them as a result of the removal or the disposal of the moveable goods.

16.5 Lessee not in Possession

The Lessee will not be construed as being in possession of the Premises solely by its exercise of rights under this article.

16.6 Survival of Article

This article survives the expiration or earlier termination of this Lease.

12 INSURANCE

17.1 Liability & Property Insurance

The Lessee will maintain, at its expense, throughout the entire Term and any other period it may be in possession of the Premises with one or more companies satisfactory to the Lessor:

17.1.1 comprehensive general liability insurance, written in the name of the Lessee and the Lessor as an additional insured, to keep each of the Lessor and Lessee, as their interests may appear, insured against claims for personal injury, death or property damage or loss occurring at or about the Premises in an amount of not less than \$5,000,000.00 (five million) for any one occurrence or to such other reasonable amount as the Lessor may notify the Lessee in writing from time to time;

17.1.2 property insurance, written in the name of the Lessee and the Lessor as an additional insured, with loss payable to the insureds and any Mortgagee as their respective interests appear, insuring the Improvements for 100% of their full

replacement cost against loss or damage by fire and other perils (including the hazards of lightning, flood, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke, vehicle damage, and rupture or leak of pressure vessels and ancillary equipment and systems) under supplementary coverage obtained by prudent owners to the extent such perils, or any of them, can be obtained; and

17.1.3 any other insurance that may be reasonably required by the Lessor and that a good and prudent owner of the Premises would obtain.

17.2 Insurance Provisions

17.2.2 Every insurance policy required under this Lease must:

- (a) contain an agreement by the insurer that it will not cancel or substantially alter the policy without first giving the Lessor at least 30 days prior written notice; and
- (b) contain a clause to the effect that any release from liability entered into by the Lessee prior to any loss will not affect the right of the Lessee or Lessor to recover.

17.2.3 If any insurance policy contains a co-insurance provision, then:

- (a) the Lessee will at all times maintain sufficient insurance to prevent the Lessor and the Lessee from being co-insurers and permit full recovery from the insurer; and
- (b) the insurance will contain a waiver of subrogation so that the insurance will protect the Lessor and the Lessee as if they were fully insured under separate policies.

17.2.3 The Lessee will not do anything, or permit or suffer anything to be done, at the Premises that might cause any insurance policy required by this Lease to be invalidated or cancelled.

17.2.4 The Lessee will deliver certificates of the insurance evidencing every insurance policy that is required by this Lease to the Lessor immediately after the insurance is effected and will deliver a certificate of renewal or other evidence satisfactory to the Lessor that the insurance has been renewed or replaced to the Lessor at

least ten days before the expiry of any insurance policy in force.

17.2.5 The Lessee shall provide the Minister with a written statement, prepared and signed by the Lessee's insurance professional, confirming that all insurance policies obtained and maintained by the Lessee satisfy the terms of this Lease.

17.2.6 The Lessee will, upon written request from the Lessor, deliver a certified copy of every insurance policy requested by the Lessor.

17.3 Release from Liability

The Lessee releases the Lessor from all liability for loss (including economic loss), damage or injury (including any loss, damage, or injury that may arise out of the negligence or omission of the Lessor or the Lessor's officials, employees, servants, agents, contractors, and subcontractors) caused by or resulting from any of the perils or injury against which it has covenanted in this Lease to insure.

17.4 Payment of Loss Under Insurance

17.4.1 The insurance moneys payable under any or all of the policies of insurance referred to in this Lease will, notwithstanding the terms of the policy or policies, be paid to the order of the Trustee.

17.4.2 In the event that any insurance proceeds are used for repair, restoration, reconstruction or replacement as set out in subsection 5.3.3 or Article 15, then the Trustee shall use such insurance proceeds against certificates of the Architect engaged by the Lessee or such other person as the Lessor and the Lessee may agree upon who is in charge of such repair, restoration, reconstruction or replacement.

17.5 Lessor's Right to Repair and Receive the Insurance Proceeds

17.5.1 If the Lessee fails to effect, without reasonable delay, the repair, restoration, reconstruction or replacement (in accordance with subsection 5.3.3 and Article 15) of the loss or damage in respect of which the insurance monies are payable, then the Lessor will be entitled to effect such repair, restoration, reconstruction or replacement.

17.5.2 In the event the Lessor carries out repairs, restoration, reconstruction or

replacement in accordance with subsection 17.5.1, the Trustee will pay, or cause to be paid, to the Lessor insurance monies in the same manner as the Trustee would have paid them under subsection 17.4.2 had the Lessee effected such repair, restoration, reconstruction or replacement.

17.6 Insurance May be Maintained by Lessor

If the Lessee does not insure or keep insured the Improvements as required by this Lease, then the Lessor, although not obliged to do so, may obtain and maintain such insurance in such amount with such deductible amounts and for such period as the Lessor deems advisable. The Lessee will pay to the Lessor as Additional Rent within 30 days after receipt of any invoice from the Lessor such amounts as the Lessor has expended for such insurance.

18 CHANGE IN CONTROL OF LESSEE

If the Lessee is one or more corporations and if, by the sale or other disposition of the securities of the corporation or of any one of the corporations, the control or the beneficial ownership of 50 percent or more of the voting shares of any class of shares of such corporation is changed after the Commencement Date without the Lessor's prior written consent, then the Lessor may, within 60 days of becoming aware of the change in control or ownership, deem this change to be a default under this Lease. This section will not apply to any permitted assignee of the Lease.

19 DEFAULT & REMEDIES

19.1 Default

If the Lessee:

19.1.1 fails to pay any Rent or any other sum required to be paid by the Lessee when due under this Lease;

19.1.2 fails to perform or observe any other condition of this Lease; or

19.1.3 is otherwise in default hereunder,

then the Lessor may give the Lessee and Sublessees notice of the default.

19.2 Termination

19.2.1 If the Lessor gives the Lessee notice of default under this article and the default is reasonably capable of being cured within 30 days after the notice is delivered but the default is not cured within that time, then the Lessor may, by notice to the Lessee and subject to sections 19.3 and 19.4, declare the Term ended on 24 months written notice to the Lessee save and except where such default contravenes Article 7 or section 4.1 or adversely affects the health and safety of any person in which event the notice period shall be 60 days.

19.2.2 If the Lessor gives the Lessee notice of default under this article and the default is not reasonably capable of being cured within 30 days after the notice is delivered and the Lessee fails to:

- (a) commence to cure the default promptly upon delivery of the notice; or
- (b) proceed to cure the default with all due diligence to completion; or
- (c) both (a) and (b),

then the Lessor may, subject to sections 19.3 and 19.4, declare the Term ended by further providing written notice to the Lessee, such termination to be effective on a date 24 months from the date of such notice save and except where such default contravenes Article 7 or section 4.1 or adversely affects the health and safety of any person in which event the notice period shall be reduced to 60 days. In the event the default contravenes Section 7 and the Lessee is contesting the validity of the requirement pursuant to section 7.3, the effective termination date shall be 60 days following a final determination (including with respect to any appeals) in relation to proceedings commenced pursuant to section 7.3.

19.3 Right of Mortgagee to Notice

No notice to the Lessee under this article will be valid for any purpose unless and until a copy of such notice is also sent to any Mortgagee and the Sublessee.

19.4 Curing of Default

Any curing of a default by a Person other than the Lessee will be construed as a curing of that default by the Lessee. A default may be cured anytime prior to the termination of

this Lease pursuant to this Article 19. Curing of a default within such period cancels the right of the Lessor to terminate the Lease with respect to such default.

19.5 End of Lease

If the Lessor declares the Term ended, then, except as otherwise expressly provided in this Lease, this Lease and everything contained in it and the estate and Term will terminate without re-entry or any other act or legal proceedings and the Lessor may re-enter the Premises and possess and enjoy them as if the Lease had not been made. Notwithstanding a declaration by the Lessor that the Term has ended, the Lessor will be entitled to recover from the Lessee:

19.5.1 the Rent then accrued or accruing;

19.5.2 any outstanding amounts, costs, damages (including solicitor and own client costs), as well as all prospective losses and damages, arising from the unexpired portion of the Term (had the Lease not ended) based on a present recovery for unpaid future rent, and for any other consequential loss, including losses incurred by or accruing to the Lessor arising from the Lessee's failure to carry on business; and

19.5.3 any other amounts allowed by law,

and enforce any right of action against the Lessee in respect of any antecedent breach of any of the Lessee's obligations, covenants, or agreements, including a right of action under any provisions that survive the expiration or earlier termination of this Lease.

19.6 Right to Cure

If the Lessor gives the Lessee notice of a default under this article and the default is not cured within the time permitted under section 19.2, then the Lessor, without relieving the Lessee of its obligations under this Lease and without limiting any other right of the Lessor, may undertake the performance of any necessary work in order to complete such obligations of the Lessee, but having commenced such work, the Lessor will have no obligation to the Lessee to complete such work. All of the Lessor's costs and expenses of such performance will be Additional Rent. This section survives the expiration or earlier termination of this Lease.

19.7 Access to Inspect and Perform

The Lessee will provide the Lessor and the Lessor's officials, employees, servants, agents, contractors and subcontractors convenient access by any means to the Premises at all reasonable times for the purposes of:

19.7.1 viewing the Premises;

19.7.2 conducting an environmental site assessment, or any test or investigation that the Lessor considers necessary to determine that the Lessee's obligations, covenants, and agreements are being duly met;

19.7.3 determining the extent of any contamination of the Premises due to the presence of any Contaminants in, on, or under the Premises;

19.7.4 performing any of the Lessee's obligations, covenants, and agreements on the Lessee's behalf as provided for in this Lease; and

19.7.5 providing notice.

This right of entry requires reasonable notice to the Lessee, except in the case of an emergency, when no notice is required. The costs and expenses of the Lessor under this section are Additional Rent.

19.8 Remedies Cumulative

All rights and remedies of the Lessor are cumulative and are in addition to and do not exclude any other right or remedy provided in this Lease or otherwise allowed by law. All rights and remedies of the Lessor may be exercised concurrently.

20 SURRENDER OF POSSESSION

When the Term expires or otherwise ends, the Lessee will peaceably surrender to the Lessor the Premises in the condition they were required to be kept under the Lease.

21 HOLDING OVER

If the Lessee holds over, then, notwithstanding any payment of Rent to the Lessor, the new tenancy thereby created will be a tenancy from month to month, not a tenancy from year to year, at a monthly rent equal to Two Hundred Percent (200%) of Fair Market

Rent on the first day of the each subsequent month) which will be calculated by adjusting the Rent paid for the last year of the Term to reflect Fair Market Rent, and will be subject to the obligations, covenants, and agreements contained in this Lease so far as the same are applicable to a tenancy from month to month.

22. INDEMNITY

The Lessee indemnifies and saves harmless the Lessor and the Lessor's officials, employees, servants, agents, contractors, and subcontractors against and from all:

22.1 claims, demands, actions, suits, or other proceedings;

22.2 judgments, liens, penalties, fines, or damages;

22.2.1 costs (including solicitor-client costs, consultant fees, or expert fees, costs incurred in connection with any investigation of the environmental condition of the Premises, or any clean-up, remedial, removal, or restoration work required by any Authority, or under this Lease, during or after the Term), liabilities, or losses

22.3 sums paid in settlement of any matter,

howsoever arising out of or related to:

22.4 a breach of any obligation, covenant, or agreement of the Lessee in this Lease;

22.4.1 personal injury, death, or property damage or loss arising from, or related to, any act or omission of the Lessee or its directors, officers, servants, employees, contractors and sub-contractors, agents, invitees, licensees, or any other Person over whom the Lessee may reasonably be expected to exercise control or is in law responsible;

22.4.2 the presence or suspected presence (unless the presence or suspected presence is solely attributable to the negligence or wilful misconduct of the Lessor or the Lessor's officials, employees, or servants or previous lessees of the Premises) of Contaminants in, on, or under the Premises or in the soil, groundwater, or surface water in, on, under, or near the Premises as a result of the actions or omissions of the Lessee or its directors, officers, servants, employees, contractors and sub-contractors, agents, invitees, licensees, and all other Persons over whom the Lessee may reasonably be expected to exercise

control or is in law responsible; or

- 22.5** the Spill of any Contaminants in, on, or under the Premises by or at the direction of the Lessee or its directors, officers, servants, employees, contractors and sub-contractors, agents, invitees, licensees, or any other Person over whom the Lessee may reasonably be expected to exercise control or is in law responsible.

This article survives the expiration or earlier termination of this Lease.

23 ENTIRE AGREEMENT

This Lease constitutes the entire agreement between the Parties with respect to the subject matter of this Lease and supersedes and revokes all previous negotiations, arrangements, letters of intent, offers to lease, and representations. The Lessor, the Lessor's officials, employees, servants, agents, contractors or subcontractors, the Band, the Band Council, or any member of the Band have not made any representations or warranties with respect to:

- 23.1** the condition of the Premises;
- 23.2** the availability of utility services for the Premises;
- 23.3** compliance of the Premises with any Laws; or
- 23.4** the presence of Contaminants in, on, or under the Premises.

The Lessee has not relied on any such Person in this regard. This Article 23, with respect to representations, shall not apply to any representations made by the Band or Band Council relating to any Laws enacted by the Band or Band Council.

24. DELIVERY

24.1 General Requirement

- 24.1.1** All notices or demands to be given or made under this Lease must be in writing.
- 24.1.2** All notices or demands to be given or made under this Lease and all Rent to be paid must be delivered in accordance with this article to the following addresses:

To the Lessor:

Director, First Nation Relations Treaty 6
Indian and Northern Affairs Canada
630 Canada Place
9700 Jasper Ave.
Edmonton, AB T5J 4G2

Fax: (780)495-2767

To the Lessee at:

1324206 ALBERTA LTD.
1325 Manulife Place
10180-101 Street
Edmonton, AB T5J 3S4

Fax: (780) 969-6901

To the First Nation at:

Enoch Cree Nation
Box 149
Enoch, AB T7X 3Y3

To the Locatee at:

Dean Alexander
P.O. Box 2, R#2 Site 2
Winterburn, AB T0E 2N0

To the Sublessees at:

Notice to the Sublessees will be marked "Occupant" and left outside the door of each subleased property at the Premises.

24.2 Delivery

If any question arises as to the date on which payment, notice, or demand was made, it will be deemed to have been delivered:

24.2.1 if sent by fax, the day of transmission if transmitted before 3:00 p.m., otherwise, the next business day;

24.2.2 if sent by mail, on the sixth day after the notice was mailed; or

24.2.3 if sent by any means other than fax or mail, the day it was received.

If the postal service is interrupted or threatened to be interrupted, then any payment, notice, or demand will only be sent by means other than mail.

24.3 Change of Contact Information

Any party may change its contact information shown in this Lease by informing the respective party of the new contact information, and the change will take effect 30 days after the notice is delivered.

25 DISPUTE RESOLUTION

25.1.1 Any dispute between the Parties may be settled by referral, in the first instance, to the Federal Court and, in such circumstance, or where this Lease provides that a question may or will be referred to the Federal Court for determination, the decision of the Federal Court is considered final and binding upon the Parties.

25.1.2 If the Federal Court refuses jurisdiction or otherwise fails to determine the question or dispute, then the question or dispute may be referred by either Party to any other court of competent jurisdiction and the Parties may exercise any other right or remedy they may have under this Lease or otherwise.

26. GENERAL PROVISIONS

26.1 Joint and Several

If a Party is comprised of more than one Person, then all obligations, covenants, and agreements of that Party will be deemed joint and several.

26.2 All Terms are Covenants

All agreements, terms, conditions, covenants, provisions, duties, and obligations to be performed or observed by the Lessee under this Lease will be deemed to be covenants.

26.3 Net Lease

This Lease is to be a completely carefree net lease for the Lessor and notwithstanding anything in this Lease to the contrary the Lessor is not to be responsible during the Term for any costs, charges, expenses, or outlays of any nature arising from or relating to the Premises, the use or occupancy of the Premises, or the business carried on at the Premises.

26.4 Survival of Obligations

If a provision of this Lease states that it survives the expiration or earlier termination of this Lease, then the survival of the provision is only to the extent required for the performance of any obligations pertaining to it, and the Lessee's access to, or entry upon, the Premises after the expiration or earlier termination of this Lease will only be at such times and upon such terms and conditions as the Lessor may from time to time specify in writing.

26.5 Governing Law

This Lease will be governed by and interpreted in accordance with the applicable laws of Canada and Alberta.

26.6 No Modifications

No modifications of the Lease are effective unless in writing and executed in the same manner as the Lease and consented to by the Mortgagee.

26.7 Time is of the Essence

Time is of the essence in this Lease.

26.8 No Presumption

No ambiguity in any of the terms of this Lease will be interpreted in favour of any Party.

26.9 Severability

If any part of this Lease is declared or held invalid for any reason, then the invalidity of that part will not affect the validity of the remainder, which will continue in full force and effect and be construed as if this Lease had been executed without the invalid portion.

26.10 Binding on Successors

This Lease will be for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns, and other legal representatives, as the case may be, of each of the Parties. Every reference in this Lease to any Party includes the heirs, executors, administrators, successors, assigns, and other legal representatives of the Party.

26.11 No Waiver

No condoning, excusing, or overlooking by the Lessor of any default by the Lessee at any time in performing or observing any of the Lessee's obligations will operate as a

waiver of, or otherwise affect the rights of, the Lessor in respect of any continuing or subsequent default. No waiver of these rights will be inferred from anything done or omitted by the Lessor, but only from an express waiver in writing.

26.12 No Assumption of Responsibility by Lessor

No consent or absence of consent by the Lessor will in any way be an assumption of responsibility or liability by the Lessor for any matter subject to or requiring the Lessor's consent.

26.13 No Benefit to Members of House of Commons

No member of the House of Commons will be admitted to any share or part of this Lease or to any benefit to arise from this Lease.

26.14 Not a Joint Venture

Except as otherwise expressly provided, nothing in this Lease will be construed as creating a relationship of agency, partnership, joint venture, or other such association between the Parties other than the relationship of lessor and lessee.

26.15 Corporate Authority

The Lessee warrants and represents to the Lessor that the Lessee:


26.15.1.1 has the corporate authority under its documents of incorporation to enter into this Lease and to perform all of the obligations, covenants, and agreements contained in this Lease;

26.15.1.2 is a valid and subsisting company in good standing with respect to the filing of annual reports with the provincial corporate registry.

Without limiting article 8, the Lessee will remain in good standing with respect to the filing of annual reports with the provincial corporate registry.

IN WITNESS WHEREOF the Parties have executed this Lease as of the date of execution by the Lessor.

EXECUTED in the presence of:

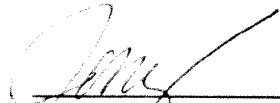


As to the signature of the
Lessor's representative

**HER MAJESTY THE QUEEN IN RIGHT OF
CANADA**, as represented by the Minister of
Indian Affairs and Northern Development

Káthy Maksymiec
A/Director, First Nation Relations, Treaty 6
Alberta Region

EXECUTED in the presence of:



1324206 ALBERTA LTD
authorized signatory

1324206 ALBERTA LTD.

<name of person signing>

<title>

Derek Prue
President

Schedule "A"

DEFINITIONS

"Additional Rent" means the amount of damage, loss, expense, or payment, including interest, referred to in section 4.3 of this Lease.

"Alterations" means any substantial alterations, restorations, renovations, relocations, reductions, additions, expansions, reconstructions, removals, replacements, modifications, or improvements to the Premises.

"Appendix" means an attachment to this Lease labeled as an "Appendix," which is attached for information purposes only and does not form part of the agreement between the Parties.

"Architect" means a person who is registered or licensed as a professional architect under the *Architects Act*, R.S.A. 2000, A-44, and any regulations made under it, all as amended or replaced from time to time.

"Authority" means any one, or any combination of, federal, provincial, territorial, municipal, local, and other governmental and quasi-governmental authorities, departments, commissions, and boards having jurisdiction, including the Band Council and any utility company lawfully acting under its statutory power.

"Band" means the Enoch Cree Nation or any successor.

"Band Council" means the Band's "council of the band", within the meaning of the *Indian Act*.

"CEAA" means the *Canadian Environmental Assessment Act*, S.C. 1992, c. 37, and any regulations made under it, all as amended or replaced from time to time.

"CEPA" means the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, and any regulations made under it, all as amended or replaced from time to time.

"Commencement Date" means the date first written on page one of this Lease.

“Contaminant” includes any contaminant, toxic substance, hazardous substance, hazardous waste, hazardous recyclable, ozone-depleting substance, halocarbon, pesticide, waste, or any similar substance, and any substance defined or referred to as such under any Environmental Laws or other provincial legislation.

“Development Plan” means the plans, design briefs, construction specifications and cost estimates prepared by an Architect or Engineer, unless and to the extent the Lessor otherwise agrees in writing, and includes, without limitation, all site plans drawn to scale showing the following required features with appropriate dimensions:

- (a) boundary lines with dimensions and acreage;
- (b) natural and artificial features of subject property and adjacent property, including Improvements;
- (c) “North” arrow;
- (d) title block, including drawing scale, date, developer’s name and address and reference numbers;
- (e) location, dimension, size and construction specifications of roads;
- (f) location, dimension, size and construction specifications of buildings (including number of units, storeys, floor area, number of rooms) as well as dimensions of front, side and back yards;
- (g) location, dimension, size and construction specifications of on-site sanitary sewer connections; and
- (h) location, dimension, size and construction specifications of existing and/or proposed water mains.

“Engineer” means a person who is registered or licensed as a professional engineer under the *Engineering, Geological, Geophysical Professions Act*, R.S.A. 2000, E-11, and any regulations made under it, all as amended or replaced from time to time.

“Environment” means the components of the earth and includes:

- (a) air, land, and water;

- (b) all layers of the atmosphere;
- (c) all organic and inorganic matter and living organisms; and
- (d) the interacting natural systems that include components referred to in paragraphs (a) to (c).

“Environmental Laws” means:

- (a) any Laws relating, in whole or in part, to the protection and enhancement of the Environment, public health, public safety, and the transportation of dangerous goods; and
- (b) any specifications, mitigative measures, and environmental protection measures described, contained, or referred to in any audit, report, or environmental screening decision pertaining to any Project on the Premises.

“Fair Market Rent” means, for any particular period, the more probable rent that the Lands could bring in a competitive and open market under all conditions requisite to a fair lease, the Lessor and the Lessee each acting prudently and knowledgeably, assuming that:

- (a) the rent is not affected by undue stimulus;
- (b) comparison to other lands shall not have reference to alienability in valuation but shall be compared with any other lands, whether or not reserve lands; and
- (c) the Lands do not include the Improvements which the Lessee or any Sublessee subsequently makes to the Lands.

“Federal Court” means the court established by the *Federal Court Act*.

“Federal Court Act” means the *Federal Court Act*, R.S.C. 1985 c.F-7, and any regulations made under it, all as amended or replaced from time to time.

“Follow-up Program” has the meaning ascribed to it under CEAA.

“GST” means any sales, use, consumption, business, goods, services, value-added, or other similar tax applicable to the payment of Rent.

"Improvements" means improvements, as determined according to the common law, but, for greater certainty, include:

- (a) any buildings, structures, works, facilities, services, landscaping, and other improvements (including any equipment, machinery, apparatus, and other such fixtures forming part of or attached to them);
- (b) any Alterations,

made by any Person that are, from time to time, situate on, under, or above the Lands.

"Indian Act" means the *Indian Act*, R.S.C. 1985, c. I-5, and any regulations made under it, all as amended or replaced from time to time.

"Locatee" means Dean Pierre Ashley Alexander.

"Lands" means those lands situate, lying, and being in the Reserve and more particularly known and described as:

In the Northeast Quarter, Section 23
Township 52, Range 26, West
of the Fourth Meridian and
being: Lot 186
as shown on a Registration
Plan recorded in the offices
of Natural Resources Canada
In Edmonton as CLSR 92619 and attached as Schedule "B";

excepting thereout all mines and minerals, whether precious or base, solid, liquid or gaseous;

subject to the following third party encumbrances:

- (a) Blanket Distribution Permit granted to Alberta Government Telephones dated October 14, 1969 and as registered in the Indian Lands Registry under number 15389 and as amended by 206120, 270394 and 270395;
- (b) Blanket Distribution Permit granted to Calgary Power Ltd. dated July 7, 1975 and as registered in the Indian Lands Registry under number 56470 and as amended by 206390;

(c) Blanket Distribution Permit granted to Northwestern Utilities Limited dated June 16, 1972 and as registered in the Indian Lands Registry under number X17088 and as amended by 314500; and

(d) Blanket Distribution Permit granted to Her Majesty the Queen in Right of Alberta dated May 20, 2004 and as registered in the Indian Lands Registry under number 323673.

“Laws” means all laws, statutes, regulations, by-laws, rules, codes, guidelines, approvals, permits, licenses, or other authorizations, standards, declarations, notices, ordinances, requirements, and directions of any Authority in force from time to time.

“Lease” means this lease agreement, and includes any Schedules and recitals but does not include any Appendices.

“Minerals” means ore of metal and every natural substance that can be mined and that:

- (a) occurs in fragments or particles lying on, above, or adjacent to the bedrock source from which it is derived and commonly described as talus; or
- (b) is in the place or position in which it was originally formed or deposited, as distinguished from loose, fragmentary, or broken rock or float, which, by decomposition or erosion of rock, is found in wash, loose earth, gravel, or sand,

and includes coal, petroleum, and all other hydrocarbons, regardless of gravity and howsoever and wheresoever recovered, natural gas, methane, coal bed methane, and other gases, building and construction stone, limestone, dolomite, marble, shale, clay, sand, and gravel.

“Minister” means:

- (a) the Minister of Indian Affairs and Northern Development or any successors; or
- (b) any authorized representatives of (a).

“Mortgage” means any mortgage, consented to by the Lessor, charging the leasehold interest of the Lessee in the Premises (including any debenture, deed of trust, bond, assignment of rents, or any other means) made as security.

“Mortgagee” means a mortgagee under a Mortgage.

“Party” means a party to this Lease.

“Person” includes any individual, partnership, firm, company, corporation, incorporated or unincorporated association or society, co-tenancy, joint venture, syndicate, fiduciary, estate, trust, bank, government, governmental or quasi-governmental agency, board, commission or Authority, organization or any other form of entity howsoever designated or constituted, or any group, combination or aggregation of any of them.

“Premises” means the Lands and Improvements or any part of the Lands and Improvements.

“Prepaid Rent” means the amount identified as prepaid rent in section 4.1 of this Lease.

“Project” has the meaning ascribed to it under CEAA, but excludes any project on the “exclusion list”, as that term is defined under CEAA.

“Registry” means the Indian Lands Registry, established under the *Indian Act*, or any successor or replacement registry with registration jurisdiction over the Lands.

“Rent” means Prepaid Rent, Additional Rent, and other amounts that, by the terms of this Lease, are payable as rent by the Lessee.

“Reserve” means the Stony Plain Indian Reserve No. 135, which has been set apart for the use and benefit of the Band.

“Schedule” means an attachment to this Lease labelled as a “Schedule,” which forms part of and is integral to the agreement between the Parties.

“Spill” includes discharge, release, dispose, spray, inject, inoculate, abandon, deposit, spill, leak, leach, seep, pour, emit, empty, throw, dump, place, and exhaust.

“Sublessee” means the lessee in any sublease of this Lease.

“Substantial Completion” occurs when an Architect or Engineer has issued a signed, sealed certificate to the Lessor certifying that:

- (a) the Improvements or Alterations, as the case may be, or a substantial part of the

Improvements or Alterations, as the case may be, are, in the opinion of the Architect or Engineer, ready for occupation by the Lessee and sublessees for the uses permitted by this Lease in all material respects in a proper and workmanlike manner and in accordance with the provisions of this Lease including without limitation, full compliance with any required environmental assessments relating to the Premises and the full and proper completion of any mitigative measures identified in the environmental assessment referred to in Subsection 10.6.1 and in any screening decision in connection therewith including, without limitation, the requirements relating to water supply, sewage disposal, and comprehensive waste management; and

(b) any work remaining to be completed is, in the opinion of the Architect or Engineer, capable of completion or correction at a cost of not more than:

(i) 3% of the first \$500,000;

(ii) 2% of the next \$500,000; and

(iii) 1% of the balance,

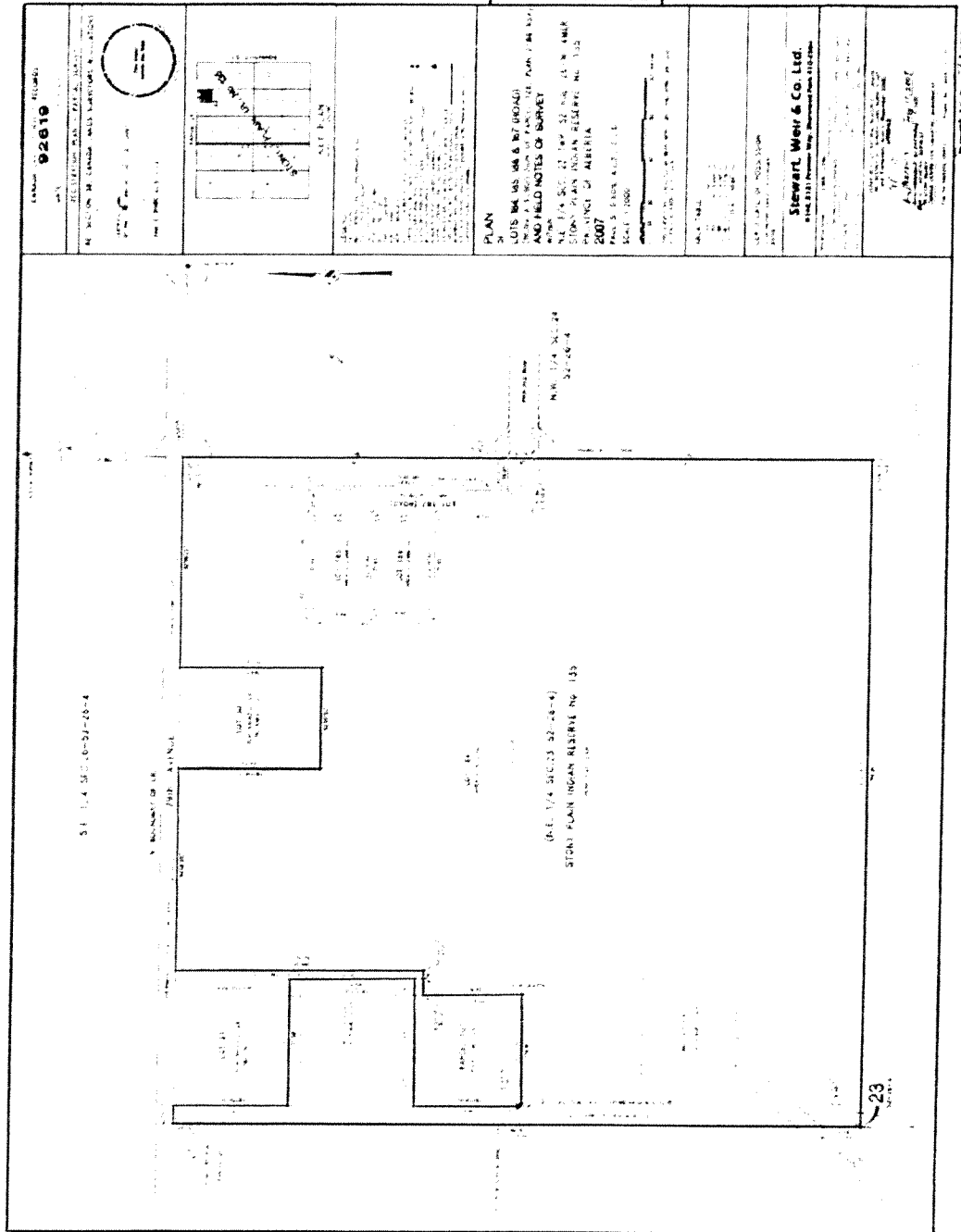
of the value of the Improvements or Alterations, as the case may be, at the time this cost is calculated.

“Substantial Destruction” means damage or destruction of the Premises to such a degree that the estimated cost to repair, replace, reconstruct or restore the Premises to the same condition as the Lessee was required to maintain the same pursuant to this Lease immediately prior to such damage or destruction is equal to or greater than fifty percent (50%) of the replacement cost of the Premises (as certified by an independent engineer licensed to practice as an engineer in the Province of Alberta).

“Term” means the period commencing on the Commencement Date and expiring one day prior to the same date 49 years later.

“Trustee” means the Receiver General for Canada (to whom delivery can be made at the address of the Lessor) or a trust company appointed in writing by the Lessor.

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BAND COUNCIL RESOLUTION

NOTE: The words "from our Band Funds", "capital" or "revenue, whichever is the case, must appear in all resolutions requesting expenditures from Band Funds.

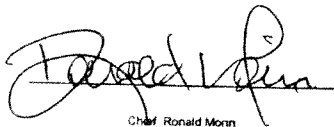
The Council of the		ENOCH CREE NATION		Cash free balance	
Date of duly convened meeting:		February 6, 2008		Province	ALBERTA
				Capital account:	\$
				Revenue account:	\$


WHEREAS: A quorum of the Enoch Cree Nation Chief and Council met on the 6th day of February, 2008.

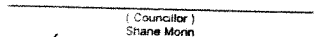
AND WHEREAS: Pursuant to their inherent right to self-government, and pursuant to the powers granted to Chief and Council under the **Indian Act**, the Chief and Council are empowered to make decisions on behalf of the membership of the Enoch Cree First Nation;

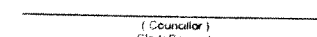
THEREFORE BE IT RESOLVED AS FOLLOWS THAT: The Enoch Cree Nation Chief and Council acknowledges and declares that it:


- 1) Has been provided with an unexecuted form of lease, to be entered into between Her Majesty the Queen in right of Canada and 1324206 Alberta Ltd., under cover of letter dated February 6, 2008, and has read and understood all the terms and conditions of that lease;
- 2) Is advised by the Department of Indian Affairs and Northern Development to obtain independent legal advice before signing this resolution;
- 3) Does not rely on the legal advice of anyone except its own legal counsel;
- 4) Has no concerns with the execution of the lease;
- 5) Acknowledges that there will be no revenue sharing with respect to Rent paid under the lease;
- 6) Confirms the lease complies with all present approved reserve land use and development plans and by-laws.

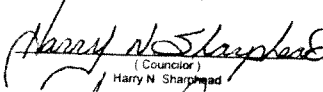

Chief Ronald Morin

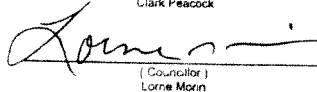

(Councillor)
Kelly Morin



(Councillor)
Shane Morin



(Councillor)
Clark Peacock

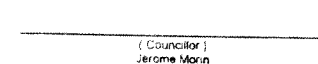

(Councillor)
Diane Stamp


(Councillor)
Harry N. Sharphead


(Councillor)
Lorne Morin


(Councillor)
Wayne Morin


(Councillor)
Lorry Ward


(Councillor)
Jerome Morin

FOR DEPARTMENTAL USE ONLY							
Expenditure	Authority (Indian Act Section)	Source of Funds:		Expenditure	Authority (Indian Act Section)	Source of Funds:	
		Capital	Revenue			Capital	Revenue
Recommending Officer:				Recommending Officer:			
Signature		Date		Signature		Date	
Approving Officer:				Approving Officer:			
Signature		Date		Signature		Date	

Appendix "B"

ASSIGNMENT CONSENT AGREEMENT

This agreement is effective as of <MONTH DAY, YEAR>,

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by
the Minister of Indian Affairs and Northern Development, <ADDRESS>

(the "**Lessor**")

AND:

<**LESSEE'S NAME**>, <LESSEE'S ADDRESS> If a corporation, society,
utility or municipality, then include statute under which authority given and
Incorporation Number (e.g. , Alberta corporation number A123456)

(the "**Lessee**")

AND:

<**ASSIGNEE'S NAME**>, <ASSIGNEE'S ADDRESS> If a corporation,
society, utility or municipality, then include statute under which authority
given and Incorporation Number (e.g. , Alberta corporation number
A123456)

(the "**Assignee**").

BACKGROUND:

- A. At the request and with the consent of the <CHOOSE ONE OF: <BAND> (the
•Band•) / <NAME OF LOCATEE> (the •Locatee•) / <NAMES OF LOCATEES>
(the •Locatees•)>, the Lessor leased certain lands in <RESERVE NAME> No.
<RESERVE #> to <LESSEE> (the •Lessee•), dated <MONTH DAY, YEAR>
(the •Lease•) and registered in the Indian Lands Registry under No.

<NUMBER>;

- B. The Lessee wishes to assign its rights and interest in the Lease to the Assignee by entering into the assignment agreement, which is attached as Schedule "A" to this agreement; and
- C. Under section 6.1 of the Lease, an assignment of the Lease is not valid unless the Lessor has given prior written consent to the assignment.

NOW THEREFORE, in consideration of the Lessor's consent and the obligations, covenants, and agreements in this agreement, the parties agree as follows:

1. Lessor's Consent

1.1_ The Lessor consents to the assignment of the Lease from the Lessee to the Assignee on the terms of this agreement. This consent will not be deemed to:

1.1.1_ waive compliance and observance on the part of the Lessee or the Assignee of any of the terms in the Lease to be complied with, observed or performed on their part <** OPTIONAL ** , except as may be modified by article 3 of this agreement>;

1.1.2_ waive or restrict in any way any of the rights and remedies of the Lessor under the Lease; or

1.1.3_ approve of the form or any of the terms of the assignment agreement.

1.2_ Despite anything else contained in this agreement, the Lessor makes no representations or warranties with respect to the state of title to the Premises or matters contained within the Indian Lands Registry.

2. Covenants of Assignee

2.1_ The Assignee covenants with the Lessor to observe and perform all of the obligations, covenants, and agreements in the Lease to be observed or performed by the Lessee.

2.2_ The Assignee has inspected the Premises and accepts the Premises on an "as-

is, where-is" basis. The Assignee confirms that neither the Lessor nor the Lessor's officials, employees, servants, agents, contractors, subcontractors, the Band, the Band Council, or any member of the Band have made any representations or warranties with respect to the terms of the Lease, the suitability of the Premises for any particular use, or the condition of the Premises (including, without limitation, compliance of the Premises with any Laws or the presence of Contaminants in, on, or under the Premises); the Assignee has not relied on any such Person in this regard.

2.3_ The Assignee makes the same representations and warranties to the Lessor that the Lessee made in the Lease.

2.4_ The Assignee represents and warrants to the Lessor that the person or persons signing this agreement on the Assignee's behalf have the authority to bind the Assignee to this agreement.

3. General

3.1 The Lease will survive the execution of this agreement and not merge in this agreement.

3.2 Any terms not defined in this agreement but defined in the Lease have the same meanings that are given to them in the Lease.

3.3 This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives, and assigns.

IN WITNESS WHEREOF the parties have executed this agreement as of the date first written above.

EXECUTED in the presence of:) **HER MAJESTY THE QUEEN IN RIGHT OF**
) **CANADA**, as represented by the Minister of
) Indian Affairs and Northern Development
)
)
)

As to the signature of the) **<Name>**
Lessor's representative) First Nation Relations, Treaty Six
) Alberta Region
)

EXECUTED in the presence of:) **<LESSEE'S NAME>**
)
)
)

As to **<LESSEE'S NAME>**'s) **<name of person signing>**
authorized signatory) **<title>**
)

EXECUTED in the presence of:) **<ASSIGNEE'S NAME>**
)
)
)

As to **<ASSIGNEE'S NAME>**'s) **<name of person signing>**
authorized signatory) **<title>**
)

Appendix "C"

ACKNOWLEDGMENT AND AGREEMENT

TO: THE LESSOR THE QUEEN IN RIGHT OF CANADA, as represented by the Minister of Indian Affairs and Northern Development ("The Lessor")

RE: Lease dated _____ (the "Lease") between the Lessor and 1324206 ALBERTA LTD. as Lessee and registered in the Indian Lands Registry under No. _____.

WHEREAS:

1. At the request of Dean Pierre Ashley Alexander (the "Locatee") and with the consent of Enoch Cree Nation No. 440 (the "Band"), the Lessor leased certain lands in Stony Plain Indian Reserve No. 135 to the Lessee (the "Lessee"), for a term of 49 years commencing _____ pursuant to the aforementioned Lease.
2. The Lessee wishes to sublease its interest in the Lease to the undersigned (the "Sublessee") by way of the Sublease attached as a schedule to this Agreement (the "Sublease").
3. Under subsection 5.2.3(g) of the Lease, a Sublessee must provide a written acknowledgment in favour of the Lessor providing certain covenants as set out herein;

NOW THEREFORE, the Sublessee hereby covenants and agrees as follows:

- 1.1. The Sublease is expressly subject and subordinate to the Lease and to the rights of The Lessor under the Lease;
- 1.2. The Sublessee is bound by all applicable terms, covenants, conditions, provisos and agreements of the Lease and that in the event of conflict between the provisions of the Lease and the Sublease the provisions of the Lease will govern.
- 1.3. This Agreement will enure to the benefit of The Lessor and be binding on the Sublessee and its administrators, successors, representatives and permitted assigns notwithstanding that this Agreement is executed only by the Sublessee.

IN WITNESS WHEREOF, the Sublessee has executed this Acknowledgement and Agreement effective the ____ day of _____.

**SIGNED, SEALED AND
DELIVERED**

**Witness
1324206 ALBERTA LTD.**

in the presence of:

Per: _____

Appendix "D"

MORTGAGE CONSENT AGREEMENT

This agreement is effective as of _____, 200_.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by the
Minister of Indian Affairs and Northern Development, (address)

(the "Lessor")

AND:

1324206 ALBERTA LTD. (Address) If a corporation, society, utility, or
municipality, then include statute under which authority given and Incorporation
Number (e.g., Alberta corporation number A123456)

(the "Lessee")

AND:

ROYAL BANK OF CANADA ADDRESS

(the "Mortgagee")

BACKGROUND

- A. At the request of Dean Pierre Ashley Alexander (the "Locatee") and with the consent of Enoch Cree Nation No. 440 (the "Band"), the Lessor leased certain lands in Stony Plain Indian Reserve No. 135 to the Lessee (the "Lessee"), for a term of 49 years commencing _____ pursuant to a lease dated _____, 200_ (the "Lease") and registered in the Indian Lands Registry under No. _____;
- B. The Lessee wishes to mortgage its interest in the Lease as renewed, extended, amended or replaced to the Mortgagee by way of the proposed mortgage attached as a schedule to this Agreement (the "Mortgage"); and
- C. Under section 5.3 of the Lease, the Mortgage is not valid unless the Lessor has provided prior written consent to it.

NOW THEREFORE, for valuable consideration and in consideration of the covenants and consent in this Agreement, the parties agree as follows:

1. General

- 1.1 Any terms not defined in this agreement but defined in the Lease have the same meanings that are given to them in the Lease.
- 1.2 This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives, and assigns.

2. Lessor's Consent

- 2.1 Subject to the provisions of this agreement, the Lessor consents to the Mortgage as it affects the Lease. This consent is not to be deemed to be approval by the Lessor of the form or any of the terms of the Mortgage.
 - 2.1.1 The Lessor's consent does not ensure that the Mortgage can be registered in the Registry or the provincial land title office.
 - 2.1.2 Except as otherwise set out herein, the Lessor makes no representations or warranties with respect to the state of title to the Premises or matters contained within the Registry. The Lessor represents and warrants that it has reviewed its files and such review has not disclosed any prior encumbrances other than _____.

3. The Mortgage

- 3.1 Except as provided in this agreement, the Mortgage is subject to the Lessor's rights under the Lease.
- 3.2 The Mortgagee will perform and observe all the Lessee's obligations, covenants, and agreements under the Lease until the Lease is assigned in accordance with the provisions of the Lease if the Mortgagee:
 - 3.2.1 takes possession of the Premises; or
 - 3.2.2 commences any proceeding or court action (including, without limitation, appointing a receiver or receiver-manager, but not including curing a monetary default of the Lessee prior to taking possession) to enforce the Mortgagee's security under the Mortgage
- 3.3 The Mortgagee's obligations under this agreement end on the last day of the month in which the Mortgagee assigns its entire interest in the Lease in accordance with the terms of the Lease, but a release of the Mortgagee's obligations under this section does not release any obligations of the Lessee.
- 3.4 On enforcing its security under the Mortgage or taking possession of the Premises, the Mortgagee will cause any assignment or sublease of the Mortgagee's interest in the Lease to be done in accordance with the provisions of the Lease.
- 3.5 The Lessor may consider a breach by the Lessee of this agreement to be a breach of the Lease.

- 3.6 When a debt no longer exists over which the Mortgage is given as security, the Mortgagee will, within a reasonable time thereafter, deliver to the Lessee a registerable discharge of the Mortgage.
- 3.7 Lessor acknowledges that the Lease provides in section 19.3 that no notice to the Lessee under Article 19 will be valid for any purpose unless and until a copy of such notice is also sent to any Mortgagee and the Sublessee.
- 3.8 If the Lessee is in default under the Mortgage, the Lessor may cure the default on behalf of the Lessee.
- 3.9 The bankruptcy or insolvency of the Lessee will not be used by the Mortgagee to give the Mortgagee any greater rights or advantage over the Lessor than the Mortgagee would not otherwise have had under this agreement.
- 3.10 The Mortgagee will not assign or otherwise transfer its interest in this agreement or the Mortgage without delivering prior written notice thereof to the Lessor.
- 3.11 The Mortgagee represents and warrants to the Lessor that the person or persons signing this agreement on the Mortgagee's behalf have the authority to bind the Mortgagee to this agreement.
- 3.12 The Lessee represents and warrants to the Lessor and the Mortgagee that the person or persons signing this agreement on the Lessee's behalf have the authority to bind the Lessee to this agreement.
- 3.13 The Lessor represents and warrants to the Mortgagee that the person or persons signing this agreement on the Lessor's behalf have the authority to bind the Lessor to this agreement.
- 3.14 No amending of this Agreement is valid unless in writing and signed by the parties.
- 3.15 The recitals hereto are included in and form an integral part hereof.

4. Delivery

- 4.1 Any notice or demand to be given or made under this agreement between the Lessor and the Mortgagee must be in writing and delivered in accordance with this article 4 to the following addresses:

To the Lessor:

Director, First Nation Relations, Treaty Six
Indian and Northern Affairs Canada
Alberta Region
Fax: (780)495-2767

To the Mortgagee at:

(Mortgagee's name, address and fax)

4.2 If any question arises as to the date on which a notice or demand was made, it will be deemed to have been delivered:

4.2.1 if sent by fax, the day of transmission if transmitted before 3:00 p.m., MT, otherwise, the next business day;

4.2.2 if sent by mail, on the sixth day after the notice was mailed; or

4.2.3 if sent by any means other than fax or mail, the day it was received.

If the postal service is interrupted or threatened to be interrupted, then any notices or demand will only be sent by means other than mail.

4.3 The Mortgagee or the Lessor may change its contact information shown in this agreement by informing the other party of the new contact information, and the change will take effect 30 days after the notice is delivered.

IN WITNESS WHEREOF the parties have executed this agreement as of the date first written above.

EXECUTED in the presence of:

As to the signature of the Lessor's
representative

EXECUTED in the presence of:

As to MORTGAGEE'S NAME's
authorized signatory

) **HER MAJESTY THE QUEEN IN**
) **RIGHT OF CANADA**, as
) represented by the Minister of Indian
) Affairs and Northern Development
)
)
)

) _____
) (Name)
) First Nation Relations, Treaty Six
) Alberta Region

) **(MORTGAGEE'S NAME)**
)
)
)

) _____
) (Name of person signing)
) (title)

EXECUTED in the presence of:

)

(LESSEE'S NAME)

)

)

)

As to LESSEE'S NAME's authorized
signatory

)

(Name of person signing)

)

(title)

Appendix "E"

LOCATEE CONSENT

I, Dean Alexander, member of the Enoch Cree Nation, **ACKNOWLEDGE AND DECLARE** (and understand that the Her Majesty The Queen in right of Canada ("Canada") is specifically relying on this acknowledgment and declaration) the following:

1. I am in lawful possession of the Lands, as defined in the lease to be entered into between Canada and 1324206 ALBERTA LTD. (the "Lessee"), an unexecuted copy of which I received on the 8 day of February 2008 (the "Lease");
2. I have applied for the Lease to be granted;
3. I have read and understood all the terms and conditions of the Lease;
4. I have been advised by the Department of Indian Affairs and Northern Development to seek independent legal advice before signing this document; and
5. I have not relied on the legal advice of anyone except my own legal advisor.

I CONSENT to the terms and conditions of the Lease and the signing of the Lease by the Lessee and the Government of Canada.

DATED this 8 day of February, 2008.

Witness – Roger A. Smith

Dean Alexander

AFFIDAVIT OF WITNESS

I, Roger A. Smith of the City of Edmonton, in the Province of Alberta, make oath and say:

1. I was present and saw the instrument duly signed by Dean Alexander.
2. I know the said Dean Alexander and I believe that he is of the full age majority for the Province of Alberta.
3. I am the subscribing witness to the instrument and I am of the full age of majority for the Province of Alberta.
4. I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the City of
Edmonton, in the Province of Alberta,
this 8th day of February, 2008.

Darlene Smith

A Notary Public in and for the Province
of Alberta or a Commissioner for taking
Oaths

Darlene Margaret Smith
My Commission Expires on
January 26, 2010.



Roger A. Smith

Schedule or Annexe



NON-PATENT SHEET CERTIFICATE

S	LINC	SHORT LEGAL	TITLE NUMBER
	0025 740 366	4;26;52;23;NW	4265223NP
	0025 740 374	4;26;52;23;NE	
	0025 740 382	4;26;52;23;SW	
	0025 740 390	4;26;52;23;SE	

LEGAL DESCRIPTION
MERIDIAN 4 RANGE 26 TOWNSHIP 52
SECTION 23
NORTH HALF AND SOUTH HALF
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: NON-PATENT

MUNICIPALITY: PARKLAND COUNTY

This is Exhibit " G " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
812JA	03/10/1951	CAVEAT RE : SURFACE LEASE CAVEATOR - CONOCOPHILLIPS CANADA RESOURCES CORP. BOX 130 STN M CALGARY ALBERTA T2P2H7 AFFECTED LAND: 4;26;52;23;NW (DATA UPDATED BY: TRANSFER OF CAVEAT 002107124) (DATA UPDATED BY: CHANGE OF NAME 022054152) (DATA UPDATED BY: CHANGE OF NAME 082517450)

NOTE: FOR A COMPLETE SEARCH AND VERIFICATION OF
PROVINCIAL NON-PATENT LANDS, CONTACT THE
DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT,
PUBLIC LANDS DIVISION.

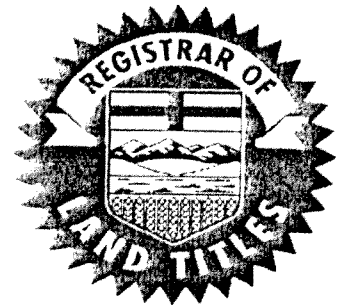
TOTAL INSTRUMENTS: 001

(CONTINUED)

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE NON-PATENT SHEET
REPRESENTED HEREIN THIS 7 DAY OF OCTOBER, 2013
AT 12:48 P.M.

ORDER NUMBER: 24536833

CUSTOMER FILE NUMBER: 125665.8128



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Selected Criteria:

Registry: ILRS

PIN: 702522166

Reserve: 06652 - STONY PLAIN NO. 135

Band: 440 - Enoch Cree Nation #440

Legal Plan Number: 92619

Printed on: 2013/10/07 2:52 PM

Legal Description: LOT 186 CLSR 92619	Parcel Type: Surface	PIN: 702522166
Reserve: 06652 STONY PLAIN NO. 135		
External Registry:		
Plan Type & No: CLSR 92619	PIN Status: Active	Province: ALBERTA
Retired Reason:	Retired by Registration No:	
Band: 440 - Enoch Cree Nation #440		
Previous Legal Description:		
PIN Hierarchy :		
ROOT PIN(s)	702507201R SEC 23 TWP 52 RGE 26 W4M NE1/4 CLSR T1121	
FORMER PIN(s)	702000102R SEC 23 TWP 52 RGE 26 W4M NE1/4 PCL 128 RSA 2186	

This is Exhibit " H " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta
RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:	Parcel Type:	PIN:
LOT 186 CLSR 92619	Surface	702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
355504		2008/01/16
Registration Date:	Effective Date:	Expiry Date:
2008/04/08 2:37:04PM		
Instrument Type:	Purpose:	Actual Expiry Date:
Mortgage		
OCPC:	IOGC:	Area:
		Term:

Land Affected: SEC 23 TWP 52 RGE 26 W4M NE1/4 LOT 186

Remarks: LEASE REG #355152

Grantor(s): 1324206 ALBERTA LTD

Grantee(s): ROYAL BANK OF CANADA

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
355152		2008/02/21
Registration Date:	Effective Date:	Expiry Date:
2008/03/13 8:54:58AM	2008/02/21	2057/02/20
Instrument Type:	Purpose:	Actual Expiry Date:
Lease	RESIDENTIAL	
OCPC:	IOGC:	Area:
		Term:

Land Affected: SEC 23 TWP 52 RGE 26 W4M NE1/4 LOT 186 CLSR 92619

Remarks:

Grantor(s): CROWN CANADA

Grantee(s): 1324206 ALBERTA LTD

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
355503		2008/02/21
Registration Date:	Effective Date:	Expiry Date:
2008/04/08 2:28:06PM		
Instrument Type:	Purpose:	Actual Expiry Date:
Consent		
OCPC:	IOGC:	Area:
		Term:

Land Affected: SEC 23 TWP 52 RGE 26 W4M NE1/4 LOT 186

Remarks: LEASE REG #355152 - MORTGAGE CONSENT AGREEMENT

Grantor(s): CROWN CANADA

Grantee(s): 1324206 ALBERTA LTD



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:
LOT 186 CLSR 92619

Parcel Type:
Surface

PIN:
702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6056175		2011/01/25
Registration Date:	Effective Date:	Expiry Date:
2011/04/28 1:58:40PM	2011/04/28	2012/04/27
Instrument Type:	Purpose:	
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: MORTGAGE REG #355504
Grantor(s): JILL LARDNER
Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6057309		2011/05/16
Registration Date:	Effective Date:	Expiry Date:
2011/06/21 10:13:46AM		
Instrument Type:	Purpose:	
Withdrawal Of Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks: NOTICE REG #6056175
Grantor(s): REGISTRAR
Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6067666		2011/09/21
Registration Date:	Effective Date:	Expiry Date:
2012/08/09 9:28:25AM		
Instrument Type:	Purpose:	
Agreement		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152
Grantor(s): ENOCH UTILITIES LIMITED
Grantee(s): 1324206 ALBERTA LTD



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description: LOT 186 CLSR 92619	Parcel Type: Surface	PIN: 702522166
--	--------------------------------	--------------------------

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6062353		2012/01/06
Registration Date:	Effective Date:	Expiry Date:
2012/02/13 11:15:11AM		
Instrument Type:	Purpose:	Actual Expiry Date:
Transfer		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks:

Grantor(s): DEAN PIERRE ASHLEY ALEXANDER

Grantee(s): DEAN PIERRE ASHLEY ALEXANDER - Certificate of Possession 403016251

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6065824		2012/05/23
Registration Date:	Effective Date:	Expiry Date:
2012/06/14 11:46:33AM	2012/06/14	2013/06/13
Instrument Type:	Purpose:	Actual Expiry Date:
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND WITH RESPECT TO UNPAID FEES

Grantor(s): ACADEMY PAINTING AND DECORATING LTD.

Grantee(s): N/A



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:	Parcel Type:	PIN:
LOT 186 CLSR 92619	Surface	702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6067124		2012/07/12
Registration Date:	Effective Date:	Expiry Date:
2012/07/18 11:33:06AM		
Instrument Type:	Purpose:	Actual Expiry Date:
Withdrawal Of Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks: NOTICE REG #6065824

Grantor(s): REGISTRAR

Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6068176		2012/07/13
Registration Date:	Effective Date:	Expiry Date:
2012/09/05 8:22:17AM	2012/09/05	2013/09/04
Instrument Type:	Purpose:	Actual Expiry Date:
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 CLSR 92619 (BUILDING UNITS 1 TO 123)

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN LAND

Grantor(s): STRATOSPHERE REALTY GROUP INC

Grantee(s): N/A



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:	Parcel Type:	PIN:
LOT 186 CLSR 92619	Surface	702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6070100		2012/12/04
Registration Date:	Effective Date:	Expiry Date:
2013/01/09 12:14:20PM	2013/01/09	2014/01/08
Instrument Type:	Purpose:	Actual Expiry Date:
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 PLAN 92619 CLSR

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SUITE NUMBERS 114 (LEGAL UNIT #13)
AND 115 (LEGAL UNIT #15) AND FOR PARKING STALL NUMBERS 172, 173, 339 AND 340

Grantor(s): ACADEMY PAINTING AND DECORATING LTD

Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6071206		2013/03/01
Registration Date:	Effective Date:	Expiry Date:
2013/03/11 10:56:19AM		
Instrument Type:	Purpose:	Actual Expiry Date:
Certificate Of Lis Pendens		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 MORTGAGE REG #355504

Grantor(s): PRAIRIE WESTERN DEVELOPMENT CORPORATION

Grantee(s): 1324206 ALBERTA LTD.



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:	Parcel Type:	PIN:
LOT 186 CLSR 92619	Surface	702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6071211		2013/03/01
Registration Date:	Effective Date:	Expiry Date:
2013/03/11 11:37:54AM		
Actual Expiry Date:		
Instrument Type:	Purpose:	
Certificate Of Lis Pendens		
OCPC:	IOGC:	Area:
		0.000
		Term:

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 AGREEMENT REG #6067666
Grantor(s): PRAIRIE WESTERN DEVELOPMENT CORPORATION
Grantee(s): 1324206 ALBERTA LTD.

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6072546		2013/05/07
Registration Date:	Effective Date:	Expiry Date:
2013/07/09 12:17:46PM	2013/07/09	2014/07/08
Actual Expiry Date:		
Instrument Type:	Purpose:	
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND WITH RESPECT TO UNPAID
FEES
Grantor(s): ACADEMY PAINTING & DECORATING LTD
Grantee(s): N/A



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:	Parcel Type:	PIN:
LOT 186 CLSR 92619	Surface	702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6073753		2013/06/28
Registration Date:	Effective Date:	Expiry Date:
2013/08/15 6:01:50PM	2013/08/15	2014/08/14
Instrument Type:	Purpose:	
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		1y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND WITH RESPECT TO AN ASSIGNMENT OF PROCEEDS FROM THE SALE OF RESIDENTIAL UNITS

Grantor(s): GENE CHAN
LILY CHAN
JAMES MATSUNE
JUNE MAH
RICHARD VAN TOAN LEE
BRUCE LEE
TUAN T TRAN

Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:	Reference Registration Number:	Instrument Date:
6074369		2013/09/05
Registration Date:	Effective Date:	Expiry Date:
2013/09/13 11:54:06AM	2013/09/13	2016/09/12
Instrument Type:	Purpose:	
Notice		
OCPC:	IOGC:	Area:
		0.000
		Term:
		3y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND. SEE SCHEDULE "A" ATTACHED FOR CONSENT ORDER FOR JUDGEMENT AGAINST 1324206 ALBERTA LTD

Grantor(s): MARIO RUNCO
1359228 ALBERTA LTD

Grantee(s): N/A



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:

LOT 186 CLSR 92619

Parcel Type:

Surface

PIN:

702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:

6074372

Reference Registration Number:

Instrument Date:

2013/09/05

Registration Date:

2013/09/13 11:59:21AM

Effective Date:

2013/09/13

Expiry Date:

2016/09/12

Actual Expiry Date:

Instrument Type:

Notice

Purpose:

OCPC:

IOGC:

Area:

0.000

Term:

3y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND. SEE SCHEDULE "A" ATTACHED
FOR CONSENT ORDER FOR JUDGEMENT AGAINST 1324206 ALBERTA LTD

Grantor(s): ALBERT D'AMORE

Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:

6074373

Reference Registration Number:

Instrument Date:

2013/09/05

Registration Date:

2013/09/13 12:02:23PM

Effective Date:

2013/09/13

Expiry Date:

2016/09/12

Actual Expiry Date:

Instrument Type:

Notice

Purpose:

OCPC:

IOGC:

Area:

0.000

Term:

3y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND. SEE SCHEDULE "A" ATTACHED
FOR CONSENT ORDER FOR JUDGEMENT AGAINST 1324206 ALBERTA LTD

Grantor(s): RICK DITOPPA

Grantee(s): N/A



INDIAN LANDS REGISTRY SYSTEM

Parcel Abstract Report

Sorted by: Legal Description / Instrument Date - Ascending

Printed on: 2013/10/07 2:52 PM

Legal Description:

LOT 186 CLSR 92619

Parcel Type:

Surface

PIN:

702522166

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:

6074374

Reference Registration Number:

Instrument Date:

2013/09/05

Registration Date:

2013/09/13 12:05:24PM

Effective Date:

2013/09/13

Expiry Date:

2016/09/12

Actual Expiry Date:

Instrument Type:

Notice

Purpose:

OCPC:

IOGC:

Area:

0.000

Term:

3y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND. SEE SCHEDULE "A" ATTACHED
FOR CONSENT ORDER FOR JUDGEMENT AGAINST 1324206 ALBERTA LTD

Grantor(s): BEAR LAMONT

Grantee(s): N/A

INSTRUMENTS REGISTERED AGAINST PIN: 702522166

Registration Number:

6074375

Reference Registration Number:

Instrument Date:

2013/09/05

Registration Date:

2013/09/13 12:07:59PM

Effective Date:

2013/09/13

Expiry Date:

2016/09/12

Actual Expiry Date:

Instrument Type:

Notice

Purpose:

OCPC:

IOGC:

Area:

0.000

Term:

3y 0m 0d

Land Affected: LOT 186 CLSR 92619

Remarks: LEASE REG #355152 CLAIMS AN INTEREST IN SAID LAND. SEE SCHEDULE "A" ATTACHED
FOR CONSENT ORDER FOR JUDGEMENT AGAINST 1324206 ALBERTA LTD

Grantor(s): FERNANDO RUNCO
MARIO RUNCO
1359228 ALBERTA LTD

Grantee(s): n/a

EASEMENTS/PERMITS AND RELATED INSTRUMENTS AFFECTING PIN: 702522166

(Blanket permits for utilities distribution are found in the Reserve General Report)

No Easements/Permits

--- END OF REPORT ---

Collateral Mortgage - General
Saskatchewan/Alberta/NWT/Nunavut

COLLATERAL MORTGAGE

I/WE, 1324206 Alberta Ltd.(hereinafter referred to as the "Mortgagor") having an address at #104, 5013 - 48 Street, Stony Plain,
Alberta T7L 1L8 (Street Address) (City)
(Province) (Postal Code)

being or being entitled to become registered owner) of a leasehold estate subject to registered encumbrances, liens and interests, if any in all that piece of land described as follows:

SEE SCHEDULE "A" ATTACHED HERETO AND FORMING PART HEREOF

(hereinafter referred to as "the land"), IN CONSIDERATION OF the premises herein and other valuable consideration, the receipt and sufficiency of which is acknowledged, hereby covenant with ROYAL BANK OF CANADA, a chartered bank having its Head Office in the City of Montreal, in the Province of Quebec (hereinafter referred to as the

"Mortgagee") and having an office at 180 Wellington Street West, 5th Floor
Toronto Ontario M5J 1J1, as follows:
(City) (Province) (Postal Code)

- (1) **Charging Clause:** The Mortgagor hereby encumbers, mortgages and charges the land and each and every building and improvement on the land (the "premises") which now or hereafter may be erected thereon (the land and the premises being hereinafter referred to as the "mortgaged property") with payment of:
- (a) the Liabilities (as hereinafter defined), excluding any portion thereof constituting interest or constituting Enforcement Obligations (as hereinafter defined), up to the amount of
---TWENTY MILLION--- DOLLARS (\$20,000,000.00)
 - (b) the Enforcement Obligations (as hereinafter defined); and
 - (c) interest payable on the Liabilities calculated at the rate and in the manner specified herein or in the instrument or other agreement creating or evidencing the obligation to pay such interest.

"Enforcement Obligations" means all amounts payable hereunder which are stated to constitute Enforcement Obligations.

This is Exhibit "I" referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

"Liabilities" means all amounts owing to the Mortgagee from time to time in respect of any current or running account or revolving line of credit and all indebtedness, liabilities and obligations of the Mortgagor to the Mortgagee (which includes for greater certainty all Enforcement Obligations) whether present or future, direct or indirect, absolute or contingent, matured or not, and whether incurred or arising before, during or after the time that the Mortgagor is the owner of the mortgaged property, and whether arising within or outside Canada, and whether incurred by or arising from any agreement or dealing between the Mortgagee and the Mortgagor or by or from any agreement or dealing with any third party by which the Mortgagee may be or become in any manner whatsoever a creditor of the Mortgagor, or however otherwise incurred or arising, and whether the Mortgagor be bound alone or with another or others, and whether as principal, guarantor or surety.

"Prime Rate" means the annual rate of interest established and announced from time to time by the Mortgagee as being a reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada.

- (2) **Liabilities:** These presents are given and taken as general and continuing collateral security to secure payment of the Liabilities and this mortgage shall obtain priority for all Liabilities notwithstanding that at any time or from time to time there may not be any Liabilities then outstanding. The Mortgagor agrees to pay to the Mortgagee each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent Liability that does not constitute a debt or loan shall accrue and be payable upon the satisfaction of any applicable condition or contingency which is specified in the agreement or dealing creating such Liability or upon the satisfaction of any other condition or contingency which may be applicable to making a determination of whether such Liability is accrued and payable. The accounts and records of the Mortgagee shall, in the absence of manifest error, constitute prima facie evidence of the amount of Liabilities outstanding and owing from time to time by the Mortgagor to the Mortgagee. Unless otherwise specified herein or in an instrument or other agreement creating or evidencing an obligation to pay interest on the Liabilities, the Mortgagor shall pay to the Mortgagee interest on the amount of the Liabilities outstanding from time to time for the period commencing on the date of demand for payment thereof until paid, such interest to be calculated at a rate equal to the Prime Rate plus FIVE (5.0 %) per annum, calculated and payable monthly not in advance, both before and after default and judgment, with interest on overdue interest at the rate aforesaid.
- (3) **Enforcement Obligations:** All Enforcement Obligations shall be payable by the Mortgagor to the Mortgagee upon demand therefor by the Mortgagee to the Mortgagor together with interest thereon from the date such Enforcement Obligations become due and payable until paid, calculated at a rate equal to the Prime Rate plus two percent (2%) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid.
- (4) **No Merger:** Neither the granting of this mortgage nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Mortgagee, nor any judgment obtained in such proceeding, shall operate as a merger of the Liabilities or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Mortgagee may hold in connection with the Liabilities and any securities which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Liabilities or a part thereof, or be deemed a payment or satisfaction of the Liabilities or any part thereof or merger therein and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

- (5) **Further Covenants:** The Mortgagor further covenants with the Mortgagee that the Mortgagor:
- (a) has a good title to the land and premises;
 - (b) has the right to mortgage the land and premises and that on default the Mortgagee shall have quiet possession of the land and premises free from all encumbrances;
 - (c) will execute such further assurances of the land and premises as may be requisite; and
 - (d) has done no act to encumber the land and premises.
- (6) **Covenants:** The Mortgagor further covenants with the Mortgagee that:
- (a) **Insurance:** The Mortgagor will forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by the perils of fire and such other perils as the Mortgagee may require, the premises, both during erection and thereafter, for a total amount not less than the lesser of the replacement cost of the premises and the amount of the Mortgagee's interest therein, with an insurance company and under policies satisfactory to the Mortgagee; and each policy of insurance shall provide that every loss shall be payable to the Mortgagee as its interest may appear in accordance herewith, subject to a standard form of mortgage clause approved by the Mortgagee; and each policy of insurance shall provide that the Mortgagee shall receive at least thirty (30) days prior notice of any cancellation or material alteration thereof; and the Mortgagor will forthwith assign, transfer and deliver to the Mortgagee the policies of insurance and all renewal receipts pertaining thereto; and no insurance will be carried on the premises other than such as is made payable to the Mortgagee in accordance with the provisions of this paragraph; and the Mortgagor will not do or omit or cause anything to be done, omitted or caused whereby the policies of insurance may become void; and the Mortgagor will pay all premiums necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Mortgagee at least seven (7) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Mortgagee, without prejudice to its other rights hereunder, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and forthwith on the happening of any loss or damage, the Mortgagor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies and the production of this mortgage shall be sufficient authority for the insurance company to pay every such loss to the Mortgagee, and the insurance company is hereby directed thereupon to pay the same to the Mortgagee; and any insurance monies received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the premises or be paid to the Mortgagor or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the Liabilities or any part thereof whether due or not then due; and the Mortgagor hereby releases to the Mortgagee all its claims upon the mortgaged property subject to the said provisos;
 - (b) **Taxes and Encumbrances:** The Mortgagor will pay when and as the same fall due all taxes, rates, levies, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged property or on this mortgage or on the Mortgagee in respect of this mortgage; and in default of payment, the Mortgagee may pay the amount of such taxes, rates, levies, assessments, liens, charges, encumbrances and claims, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;

- (c) **Assignment of Rents and Leases:** For the better securing to the Mortgagee the payment of the Liabilities, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all leases, agreements, tenancies, quotas and licenses which affect the mortgaged property whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits and advantages to be derived therefrom; provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the mortgaged property, or for the performance or observance of any provision of such leases and agreements;
- (d) **Fixtures:** Without restricting the generality of the term "fixtures", fences, plumbing, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all appliances and appurtenances relating thereto which now are or may hereafter be placed upon the mortgaged property by the Mortgagor, and all farm machinery, improvements and irrigation systems, fixed or otherwise, and even though not attached to the land otherwise than by their own weight, shall be deemed to be fixtures and all fixtures shall form a part of the mortgaged property and are charged by and subject to this mortgage;
- (e) **Good Repair:** The Mortgagor will not remove any fixtures of any kind from the mortgaged property, and will keep the premises and all fixtures, gates, fences, drains and improvements for the time being subject to this mortgage in good and substantial repair, and will at all times make such repairs to, and if incomplete, will complete such buildings and improvements as may be required by the Mortgagee in writing; and will not without the consent in writing of the Mortgagee, commit or permit any kind of waste on the mortgaged property; and in default of any of the foregoing the Mortgagee may at its option enter upon the mortgaged property from time to time in order to inspect, and may at its option complete, repair and keep in repair the said premises, fixtures, gates, fences, drains and improvements without thereby becoming liable as mortgagee in possession and the amount expended by the Mortgagee in doing all or any of the foregoing things shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (f) **Erection of Improvements:** The Mortgagor will not, without the consent of the Mortgagee in writing, erect or permit to be erected on the mortgaged property any improvement, or enter into any contract that may cause the mortgaged property to be encumbered by a lien for work done, labor provided, services performed or material supplied and will keep the mortgaged property free from same;
- (g) **Inspection:** The Mortgagee, its agents, employees, and independent contractors may at any time enter upon the mortgaged property to inspect the mortgaged property, and where deemed necessary and/or advisable by the Mortgagee, to conduct investigations thereon, including, without limiting the generality of the foregoing, intrusive testing and sampling on the mortgaged property for the purpose of determining the presence of or the potential for environmental pollution, and the reasonable cost of such inspection and investigations paid for by the Mortgagee including any intrusive testing and sampling shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation;
- (h) **No Other Encumbrances:** The Mortgagor will not, without the consent of the Mortgagee in writing, grant, create, assume or suffer to exist any mortgage, charge, lien or other encumbrance against the mortgaged property, whether ranking in priority to or subsequent to this mortgage, and the Mortgagee may pay the amount of any mortgage, charge, lien or other encumbrance, now or hereafter existing upon the mortgaged property having or claiming priority over this mortgage. All monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation; and

- (i) **Compliance with Laws:** The Mortgagor covenants with the Mortgagee to at all times promptly observe, perform, execute and comply with all applicable laws, including without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, building construction, builders' liens, or public health and safety, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance and will at its own expense make any and all improvements thereon or alterations to the mortgaged property, structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, and the Mortgagor will cause its tenants, agents and invitees to comply with all the foregoing at their own expense.
- (7) **Environmental Provisions:** The Mortgagor represents and warrants to the Mortgagee that there is no product or substance on the mortgaged property or on any property adjacent thereto which contravenes any environmental law or which is not being dealt with according to best recognized environmental practices, and that the mortgaged property is being used in compliance with all environmental laws. The Mortgagor will give the Mortgagee immediate notice of any material change in circumstances which would cause any of the foregoing representations and warranties to become untrue. The Mortgagor will indemnify the Mortgagee and each of its directors, officers, employees, agents and independent contractors, from all loss or expense (including, without limitation, legal fees on a solicitor and his own client basis) due to the Mortgagor's failure to comply with any environmental law or due to the presence of any product or substance referred to in this paragraph, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of this mortgage or the release from this mortgage of part or all of the mortgaged property. All amounts payable to the Mortgagee in respect of such indemnity shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation.
- (8) **Remedies for Breach of Covenants:** In the event of non-payment when due of the Liabilities or a part thereof, or upon breach of or default under any provision of any agreement evidencing or relating to the Liabilities or a part thereof, or upon breach of or default in any provision of this mortgage:
- (a) **Liabilities Due:** The Liabilities shall immediately become due and payable at the option of the Mortgagee unless such non-payment, breach or default is waived or postponed by the Mortgagee;
- (b) **May Enter on to Mortgaged Property to Lease or Sell:** The Mortgagee may on giving the minimum notice, if any, according to applicable law, enter on and lease or sell the mortgaged property; and the Mortgagee may collect the rents and profits and lease or sell as aforesaid without entering into possession of the mortgaged property; and the Mortgagee is hereby irrevocably appointed the attorney of the Mortgagor for the purpose of making such lease or sale, and for recovering all rents and sums of money that may become or are due or owing to the Mortgagor in respect of the mortgaged property, and for enforcing all agreements binding on any lessee or occupier of the mortgaged property or on any other person in respect of it, and for taking and maintaining possession of the mortgaged property, and for protecting it from waste, damage or trespass, and for making arrangements for completing the construction of, repairing or putting into order any buildings or other improvements on the mortgaged property, and for harvesting, threshing and marketing any crops on the land, keeping down and destroying any noxious weeds, summer fallowing, and working, breaking and otherwise farming any farm land, and for conducting remediation to bring the mortgaged property in compliance with recognized environmental standards, statutory or otherwise, and for executing all instruments, deeds and documents pertaining thereto, and for doing all acts, matters and things that may be necessary for carrying out the powers hereby given; and any such sale may be either for cash or on credit, or part cash and part credit, and by private sale or public auction, and at such sale the whole or any part of the mortgaged property may be sold; and the Mortgagee may vary or rescind any contract of sale made by virtue of these presents, and may buy in and resell the mortgaged property or any part thereof, without being responsible for any loss or deficiency on resale or expense occasioned thereby, and may sell on such terms as to credit or otherwise as to it shall seem appropriate, and for such prices as can reasonably be obtained therefor, and may make any stipulation as to title or evidence or commencement of title or otherwise as to it may seem proper, and no purchaser or lessee under such power shall be bound to inquire into the legality or regularity of any sale or lease under the said power, or to see to the application of the proceeds thereof, nor shall any omission, irregularity or want of notice invalidate or in any way affect the legality of any such sale or lease; and out of the money arising from such sale

or lease the Mortgagee shall be entitled to retain an amount equal to the Liabilities together with all expenses incurred in or about taking, recovering or keeping possession of the mortgaged property, selling or leasing the same or otherwise by reason of any default of the Mortgagor hereunder, including solicitor's fees and disbursements as between a solicitor and his own client, and any balance of monies remaining after the satisfaction of all claims of the Mortgagee, as hereinbefore provided, shall be paid to the Mortgagor but the Mortgagee shall in no event be liable to pay to the Mortgagor any monies except those actually received by the Mortgagee;

- (c) **Foreclosure:** The Mortgagee may take foreclosure or foreclosure and sale proceedings in respect of the mortgaged property in accordance with the provisions of the laws of the jurisdiction in which the mortgaged property is situate; and in the event of any deficiency on account of the Liabilities remaining due to the Mortgagee after realizing all the mortgaged property, then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency together with interest thereon until paid, calculated at a rate equal to the Prime Rate plus FIVE (5.0 %) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. In the event foreclosure proceedings are commenced in respect of the mortgaged property, then from the time of the application for an order nisi in such proceedings, the rate of interest payable under this mortgage shall, at the option of the Mortgagee, be fixed at the rate applicable under this mortgage at that time and shall thereafter remain at such fixed rate unless and until such proceedings have been settled or discontinued;
- (d) **Distrain:** The Mortgagee may distrain for arrears of the Liabilities, and as part of the consideration for any advance or creation of the Liabilities, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress all rights to exemptions from seizure and distress under any law applicable in the jurisdiction in which the mortgaged property is situate;
- (e) **Receivership:** The Mortgagee may appoint a receiver of the mortgaged property and of the income of the mortgaged property, or any part thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the mortgaged property, by action, distress or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; and the receiver may lease the mortgaged property and execute contracts in the name of the Mortgagor; provided that such receiver may be removed and a new receiver appointed from time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by it a commission of five percent (5%) of the gross receipts, or such higher rate as any judge of any court having jurisdiction may allow upon application by it for that purpose, and also its disbursements in the collection of such income, and thereafter shall apply all monies received by it as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the mortgaged property and all liens, charges (including, without limitation, those imposed under environmental laws), annual sums or other payments and interest thereon, if any, having priority to this mortgage; in payment of the premiums on insurance payable under this mortgage; in payment of the cost of all necessary or proper repairs to the mortgaged property; and the balance, if any, thereafter upon the Liabilities; provided further that neither the existence of the foregoing relating to attornment, to distraint for arrears, to entry upon the mortgaged property, to foreclosure and to the said receivership, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received; and
- (f) **Performance of Obligations:** The Mortgagee, at its option, may by and on behalf of the Mortgagor and at the sole cost and expense of the Mortgagor, and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed, any provision with respect to which default has occurred hereunder or under any provision of any agreement or dealing evidencing the Liabilities and for such purpose make such payments as are contemplated herein, and all monies expended by the Mortgagee for any such purpose shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation; provided however that nothing herein contained shall be deemed to hold the Mortgagee responsible for and the Mortgagee shall not be responsible for any loss arising out of its or its agents' or employees' observance or performance of any such provision. No remedy herein conferred is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity.

- (9) **Bankruptcy:** If the Mortgagor shall commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act, become bankrupt or insolvent or shall be subject to the provisions of the Bankruptcy and Insolvency Act, the Companies Creditors Arrangement Act, the Winding Up Act or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant pursuant to this mortgage.
- (10) **Costs to Protect Security:** All fees, charges, costs (including solicitor's fees and disbursements as between a solicitor and his own client) or expenses levied or charged by any solicitors or inspectors retained by or on behalf of the Mortgagee for the preparation, taking, registration, maintenance, protection or enforcement of this mortgage and any other securities which may be taken by the Mortgagee in connection with the Liabilities or any part thereof, together with the costs of any sale or abortive sale and of taking, recovering and keeping possession of the mortgaged property, the costs of inspecting or managing the same and generally any costs in any other proceeding, matter or thing taken or done in connection with or for completing the construction of, repairing or putting in order any buildings or other improvements on the mortgaged property, or for remediation to bring the mortgaged property into compliance with recognized environmental standards, statutory or otherwise, or to protect or realize upon this mortgage or any other security taken in connection with the Liabilities, or to perfect the title of the mortgaged property, or relating to expropriation of part or all of the mortgaged property, shall be payable by the Mortgagor to the Mortgagee on demand and shall constitute an Enforcement Obligation. If the Mortgagor shall default in payment of any Enforcement Obligation on demand, the Liabilities shall at the option of the Mortgagee forthwith become due and payable unless such default is waived or postponed by the Mortgagee.
- (11) **Extension or Replacement of Covenants:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, in respect of the Liabilities or any part thereof give an extension of time, take the covenant of any purchaser of the equity of redemption of the mortgaged property or any part thereof, or any security whatsoever from them or from any other person, for the assumption and payment of the whole or any part of the Liabilities or for the due performance of any of the provisions hereof and any such action on the part of the Mortgagee shall not release the Mortgagor or any guarantor or surety from payment of the Liabilities or any part thereof or the performance of the said provisions or any of them; and the Mortgagee may also, in its discretion, compound with or release the Mortgagor or any one claiming under it, or any other person liable for payment of the Liabilities, or surrender, release or abandon or omit to perfect or enforce any securities, remedies or proceedings which the Mortgagee may now or hereafter hold, take or acquire, and may pay all monies received from the Mortgagor or others, or from securities upon such part of the Liabilities as the Mortgagee may think best without prejudice to or in any way limiting or lessening the liability of the mortgaged property or of any surety or obligor or any other person liable for payment of the Liabilities; and the Mortgagee shall incur no liability to any person by reason of anything aforesaid; any provision or liability aforesaid shall continue in full force as long as any of the Liabilities remain unpaid, but the Mortgagee shall not be bound to exhaust its recourse or remedies against the mortgaged property or the Mortgagor or other parties or the securities it may hold before being entitled to payment from any guarantor or surety of the Liabilities.
- (12) **Release of Lands:** The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any guarantor or surety, release any part of the mortgaged property or any other security for the Liabilities either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by it and without thereby releasing any other part of the mortgaged property, or any provision hereof, including any covenants or agreements on the part of any guarantor or surety for the payment of the Liabilities and the performance of the provisions hereof.
- (13) **No Waiver:** The permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the provisions of this mortgage shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, except by express agreement.

- (14) **No Apportionment:** Every part, lot or unit into which the mortgaged property is or may hereafter be divided stands charged with the whole of the Liabilities and no person shall have any right to require the Liabilities to be apportioned on or in respect of any such part, lot or unit, or to require the charge of this mortgage to be released or discharged in respect of any such part, lot or unit, and the Mortgagor hereby waives any provision of any legislation which provides for such right.
- (15) **All Taxes Paid:** The Mortgagor represents and warrants that it has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by-laws relating thereto, and which may create a charge or lien upon the mortgaged property.
- (16) **Expropriation:** In the event that the whole or any material portion of the mortgaged property is expropriated by any entity empowered to do so, then at the option of the Mortgagee all Liabilities shall forthwith become due and payable. The Mortgagor hereby waives the provisions of any law applicable in the jurisdiction in which the mortgaged property is situate which would restrict recovery under this mortgage to recovering the market value of this mortgage at the date of any expropriation if the market value is then less than the amount of the Liabilities. In the event such market value is less than the amount of the Liabilities and the Mortgagee receives from the expropriating authority the market value of this mortgage, the Mortgagor shall, notwithstanding the provisions of any such law, forthwith upon demand pay to the Mortgagee the remaining portion as a separate debt together with interest thereon until paid at a rate equal to the Prime Rate plus FIVE (5.0%) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. The proceeds from any expropriation affecting the whole or any part of the mortgaged property shall be paid to the Mortgagee in priority to the claims of any other person.
- (17) **Discharge:** The Mortgagor shall not be entitled to a discharge of this mortgage unless and until the Liabilities have been paid in full or are no longer in existence, the Mortgagee has no further obligations to the Mortgagor in respect of any Liabilities and the Mortgagor has kept and performed all of the provisions hereunder and under any provision of any agreement evidencing the Liabilities; and the Mortgagee shall have a reasonable time after payment or termination of the Liabilities within which to prepare or have prepared an executed discharge of this mortgage, and interest shall continue to run and accrue until all Liabilities have been paid and actual payment in full has been received by the Mortgagee and all legal and other expenses for the preparation and execution of such discharge and any administration fee of the mortgagee in connection therewith shall be borne by the Mortgagor.
- (18) **Condominium Units:** Notwithstanding anything to the contrary herein contained, in the event that the mortgaged property constitutes a condominium or a unit in a condominium:
- (a) The Mortgagor covenants with the Mortgagee that the Mortgagor will observe and perform each and every provision required to be observed and performed under or pursuant to the terms of this mortgage, each and every provision of any law applicable in the jurisdiction in which the mortgaged property is situate which affects such condominium or unit in a condominium and the by-laws and any amendments thereto of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium being charged by this mortgage (hereafter referred to as the "Condominium Corporation");
 - (b) Without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all unpaid assessments, instalments or payments due to the Condominium Corporation;
 - (c) In addition to the Mortgagor's obligations hereunder to insure the mortgaged property, the Mortgagor covenants and agrees to provide the Mortgagee, from time to time upon the Mortgagee's request, with evidence satisfactory to the Mortgagee that the Condominium Corporation keeps the condominium insured in favour of the Mortgagee against all risks of direct physical loss or damage on a replacement cost basis for an amount equal to the full replacement value of the condominium; provided that, if the Condominium Corporation neglects to keep the condominium insured as aforesaid, the Mortgagee shall be entitled but shall not be obligated to insure the condominium to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable on demand and shall constitute an Enforcement Obligation;

- (d) As a member of the Condominium Corporation, the Mortgagor covenants and agrees to seek the full compliance by the Condominium Corporation with the requirement that the Condominium Corporation insure the condominium; and the Mortgagor hereby releases to the Mortgagee all of the Mortgagor's claim upon the Condominium Corporation, subject to the terms of the said insurance policy;
 - (e) The Mortgagee authorizes the Mortgagor to vote respecting all matters relating to the affairs of the Condominium Corporation, provided that the Mortgagee may at any time upon written notice to the Mortgagor and the Condominium Corporation, revoke this authorization, in which case all power to vote shall rest in the Mortgagee, although the Mortgagee shall be under no obligation to vote to protect the interests of the Mortgagor or to vote in any particular manner;
 - (f) The Mortgagor further covenants that, where the Mortgagor defaults in the Mortgagor's obligations to pay any assessment, instalment or payment due to the Condominium Corporation, or upon breach of any provision contained in this paragraph, regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor, may deem such default to be default under the terms of this mortgage and proceed to exercise its rights herein;
 - (g) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessment, instalment or payment due to the Condominium Corporation or arising under this paragraph; and
 - (h) The Mortgagor covenants to request the Condominium Corporation to send to the Mortgagee copies of all notices sent to the Mortgagor, and the Mortgagor covenants to notify the Mortgagee of any breaches by the Condominium Corporation that come to the attention of the Mortgagor.
- (19) **Farm Lands:** Notwithstanding anything to the contrary herein contained, in the event that the mortgaged property is or includes farm lands:
- (a) In addition to the Mortgagor's obligations herein to insure the mortgaged property, the Mortgagor covenants and agrees to forthwith insure and during the continuance of this mortgage keep insured in favour of the Mortgagee against loss or damage by hail and such other perils as the Mortgagee may require, all crops now or hereafter to be grown on the land;
 - (b) -- The Mortgagor will in each year during the currency of this mortgage either put into crop or summer fallow in good, proper and husbandlike manner every portion of the land which has been or may hereafter be brought under cultivation, and will keep the land clean and free from all noxious weeds and generally see that the mortgaged property does not depreciate in any way; and
 - (c) The Mortgagor will pay when and as the same fall due any charges for keeping down and destroying noxious weeds on the land and in default of payment the Mortgagee may pay the same, and all monies so paid by the Mortgagee shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation.
- (20) **Due on Sale or on Change in Ownership:** In the event that the Mortgagor shall sell, convey, transfer or otherwise dispose of the mortgaged property, or enter into any agreement to sell, convey, transfer or otherwise dispose of or lose title thereto, the Liabilities shall forthwith become due and payable at the option of the Mortgagee. In the event that the Mortgagor is a corporation, and in the event that there is a sale or sales which result in a transfer of the legal or beneficial interest of a majority of the shares in the capital of the Mortgagor or there is a change in the effective control of a majority of the voting shares in the capital of the Mortgagor, then the Liabilities shall forthwith become due and payable at the option of the Mortgagee.
- (21) **Cross Default:** In the event that the Mortgagor makes default under any mortgage, charge, lien or other encumbrance against the mortgaged property ranking or claiming priority over this mortgage, the same shall constitute default under this mortgage and the Liabilities shall at the option of the Mortgagee forthwith become due and payable, and the Mortgagee shall be at liberty to exercise its rights under this mortgage.

- (22) **No Obligation to Advance:** Neither the execution nor registration of this mortgage nor the advancing or creation of any part of the Liabilities shall bind the Mortgagee to advance or create any further Liabilities; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at its Head Office or at such other place as the Mortgagee may, from time to time, in writing designate.
- (23) **Proving of Prime Rate:** In the event that it may be necessary at any time for the Mortgagee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Manager for the time being of the branch of the Mortgagee responsible for the collection of the Liabilities setting forth the Prime Rate as at any time or times shall be and shall be deemed to be conclusive evidence as to the Prime Rate.
- (24) **Lawful Interest Rate:** In the event interest chargeable or payable on principal or interest or on arrears of principal or interest as provided for in this mortgage is in excess of that permitted by the Interest Act (Canada) or any other applicable law, then in such event, interest payable and chargeable on such principal or interest or on arrears of principal or interest under this mortgage shall be chargeable and payable at the highest lawful rate permitted by the Interest Act (Canada) or such other applicable law and no other interest on principal or interest or on arrears of principal or interest shall be chargeable or payable hereunder.
- (25) **Type of Land Ownership:**
- (a) **Freehold:** If this mortgage is a mortgage of a fee simple interest, the Mortgagor represents and warrants to the Mortgagee that it has a fee simple interest in possession in the mortgaged property and that it has full power to mortgage the mortgaged property.
 - (b) **Leasehold:** If the interest of the Mortgagor in the mortgaged property derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the mortgaged property (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:
 - (i) all references in this mortgage to "mortgaged property" shall include all right, title and interest of the Mortgagor from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of this mortgage;
 - (ii) the Mortgagor grants, mortgages, demises, sub-leases and charges to the Mortgagee all estate, term, right, title and interest of the Mortgagor in and to the Lease and the mortgaged property, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Mortgagor in or to the lands and premises demised by the Lease during the term of the mortgage, and all benefit and advantage therefrom for the Mortgagee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof, as security for the payment to the Mortgagee of the Liabilities, plus the interest on the Liabilities, Enforcement Obligations and all other amounts secured by this mortgage and for the performance of all liabilities and obligations secured by this mortgage upon the terms set out in this mortgage;
- (26) **Representations and Warranties regarding Leasehold Title:** If this mortgage is a mortgage of a leasehold title, the Mortgagor represents and warrants to the Mortgagee that:
- (a) the leasehold estate which is the subject of this mortgage arises under the Lease, which has not been further modified or amended;
 - (b) the Lease is a valid, effective and subsisting lease which has not been surrendered or forfeited, and the Lease is not presently subject to any assignment, mortgage or other encumbrance;
 - (c) the Mortgagor has taken possession of the mortgaged property and all sums due under the Lease have been paid in full to the date hereof;

- (d) the Mortgagor has full power to mortgage the Lease (subject to the consent, if necessary, of the lessor), and if the consent of the lessor is required, such consent has either been obtained or will be obtained prior to any advance of monies secured by this mortgage; and

(e) "Lease" means the lease ~~from~~ described in Schedule "A" ~~to~~ hereto. ^{dated} ~~on~~ ^{commencing on} ~~_____~~ and expiring ~~_____~~ ^{_____} subject only to the following amending agreements, if any:


Initial

(27) **Covenants regarding Leasehold Title:** If this mortgage is a mortgage of a leasehold estate, the Mortgagor covenants with the Mortgagee that:

- (a) it will not modify or amend or consent to any modification or amendment to the Lease without the prior written consent of the Mortgagee;
- (b) it will not surrender or forfeit or consent to any surrender or forfeiture of the Lease, and it will not without the prior written consent of the Mortgagee further assign, mortgage or otherwise encumber the Lease;
- (c) it will not postpone or subordinate its interest in Lease to any other mortgage or encumbrance without the prior written consent of the Mortgagee;
- (d) it will faithfully comply with each provision of the Lease and will do all things necessary to preserve the Lease and the lessee's rights thereunder;
- (e) it will promptly notify the Mortgagee of any default under the Lease by the Mortgagor, or the giving or receipt of any notice of default in respect thereof, and it agrees to request that the lessor provide the Mortgagee with the opportunity (but not the obligation) to cure any default under the Lease and any amount which may be required to be paid by the Mortgagee to cure such default and the costs thereof (including any legal costs as between solicitor and client) shall constitute an Enforcement Obligation;
- (f) the Mortgagor will notify the Mortgagee of each and every notice of default, demand or claim forwarded to or served upon the Mortgagor by the lessor under the Lease;
- (g) it will notify the Mortgagee promptly in writing after learning of any condition that with or without the passage of time or the giving of any notice might result in a default under or the termination of the Lease;
- (h) if the Mortgagor becomes the owner of the freehold title to the mortgaged property, then

if the mortgaged property is located in Alberta or Saskatchewan, it hereby mortgages to the Mortgagee all of its estate and interest in the mortgaged property, freehold and otherwise, such mortgage to take effect on the Mortgagor acquiring the freehold title thereof, and this mortgage will thereupon be deemed to be a mortgage of the freehold title as if the Mortgagor had been the owner in fee simple at the date of execution of this mortgage and the Mortgagor agrees, if so requested by the Mortgagee, to execute in favour of the Mortgagee a mortgage covering the freehold estate on the same terms and conditions as are contained in this mortgage; and

if the mortgaged property is located in the Northwest Territories or Nunavut Territory, it agrees to provide to the Mortgagee, on request, a mortgage of all of its estate and interest in the mortgaged property, freehold and otherwise;

- (i) it will indemnify the Mortgagee against any claims and demands in respect of the Lease, including any legal costs incurred by the Mortgagee in connection therewith, on a solicitor and client basis;
- (j) the Mortgagor will at all times promptly observe and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal, or otherwise, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor

will from time to time, upon request of the Mortgagee, provide to the mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the mortgaged property structural or otherwise, and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

- (k) if this mortgage is outstanding at the end of the term of the Lease, it will at the appropriate time seek a renewal of the Lease or the issuance of a new lease in substitution and will promptly notify the Mortgagee if it becomes aware that such a renewed or substituted lease may not be forthcoming. The Mortgagor will provide a copy of any such renewed or substituted lease to the Mortgagee upon issuance and such a renewed or substituted lease will be included within the definition of the Lease hereunder and for greater certainty, will be subject to this mortgage.
- (l) The Mortgagor agrees that it will from the date of execution of this mortgage stand possessed of the last day of the term of the Lease (whether it is the last date of the present term or of any extended term) and all rights, privileges and options of the Mortgagor under the Lease, in trust for the Mortgagee. The Mortgagor further agrees it will assign and dispose of said last day, consistent with the terms of the Lease, as the Mortgagee may direct, but subject to the Mortgagor's right of redemption. The Mortgagor irrevocably appoints the Mortgagee as its attorney for and on behalf of the Mortgagor and in its name or otherwise to assign the said last day and privileges as the Mortgagee shall at any time direct, consistent with the terms of the Lease. The Mortgagor further agrees that upon a sale or other disposition made by the Mortgagee, and if requested by the Mortgagee, to assign the last day and privileges and options relating thereto to the purchaser or assignee and to exercise any and all assignments and transfers for that purpose; and the Mortgagee may at any time, by deed or other instrument, remove the Mortgagor or any other person as trustee for the last day and appoint a new trustee or trustees in its place.
- (m) **Information:** The Mortgagor authorizes the Mortgagee to contact the lessor from time to time to obtain information regarding the rent or other sums payable under the Lease, the status of payment thereof and any other information relating to the Lease or default thereunder.
- (n) **Breach:** The Mortgagor agrees that it will be deemed to constitute a breach of the provisions of this mortgage if the leasehold estate which is the subject of this mortgage ceases to exist.
- (28) **Special Provisions:** The Mortgagor covenants with the Mortgagee that in the event the mortgaged property is situate in the Province of Saskatchewan and the Mortgagor is a body corporate, the Mortgagor agrees that:
 - (a) The Land Contracts (Actions) Act of the Province of Saskatchewan shall have no application to an action, as defined in the said Act, with respect to this mortgage; and
 - (b) The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof shall have no application to this mortgage or any agreement or instrument renewing or extending or collateral to this mortgage, or the rights, powers or remedies of any other person under this mortgage, or any such agreement or instrument renewing or extending or collateral to this mortgage.
- (29) **Severability:** If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.
- (30) **Joint and Several:** In the event there is more than one Mortgagor hereunder, the terms, conditions and other obligations of each Mortgagor hereunder shall be joint and several.
- (31) **Interpretation:** The words used herein which import the singular number and neuter shall be read and construed as plural and feminine or masculine, as the case may be, and the terms of this mortgage shall be binding upon and apply to the party's heirs, executors, administrators, successors or assigns, as applicable.

- (32) **Statutory Mortgage Clause:** And for better securing to the Mortgagee the repayment in the manner aforesaid of the Liabilities, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the mortgaged property.
- (33) **Land Titles Act:** It is understood and intended that this mortgage is made with reference to and under the Land Titles Act of the jurisdiction in which the mortgaged property is situate, to the extent applicable.
- (34) Schedule "B" is attached hereto and forms an integral part of this Mortgage.

IN WITNESS WHEREOF THIS MORTGAGE IS SIGNED, SEALED AND DELIVERED THIS 16 day of January, 2008

in the presence of

(Witness)

(Witness)

(Witness)

SEAN F.J. CURRAN
Barrister and Solicitor

(Mortgagor) (seal)

(Mortgagor) (seal)

1324206 Alberta Ltd.

Name of Mortgagor (if Corporation)

By: _____

Title: Secretary c/s

By: _____

Title: _____

SCHEDULE "A"

"Lease" means the leasehold estate granted by Her Majesty the Queen, in right of Canada, as represented by the Minister of Indian Affairs and Northern Development, as lessor, for a term of 49 years commencing on February 21, 2008, 2008 under and by virtue of a lease in writing dated February 21, 2008, 2008, as may be amended, in respect of the following lands, namely:

In the Northeast Quarter, Section 23
Township 52, Range 26, West of the Fourth Meridian and
being: Lot 186
as shown on a Registration Plan recorded in the offices
of Natural Resources Canada in Edmonton
as CLSR 92619 and attached as "Appendix 1"

excepting thereout all mines and minerals, whether precious or base, solid,
liquid or gaseous

("the land").

SCHEDULE "B"

1. The Mortgagor represents, warrants and covenants to the Mortgagee that:
 - a. The Mortgagor is or is entitled to become the lawful tenant or lessee of the land and has or is entitled to a good and marketable leasehold interest in the land, free of all liens, encumbrances and interests except any the Mortgagor has previously reported to the Mortgagee in writing and which have subsequently been accepted by the Mortgagee in writing.
 - b. The land is leased pursuant to the Lease, which is a good, valid and subsisting lease (a complete copy of which, including all amendments, renewals and modifications, the Mortgagor has given to the Mortgagee).
 - c. All rents and other moneys payable under the Lease have been paid and the Mortgagor is not in default of any of its obligations set out in the Lease.
 - d. The Mortgagor has obtained the consent of the lessor under the Lease and all other parties, be they regulatory or otherwise, as the case may be, to charge its leasehold interest in the land to the Mortgagee in the manner provided in this Mortgage.
 - e. The Mortgagor will cause all rent together with all other amounts to be paid, and cause to perform and observe all other obligations of the lessee, all as required by the Lease, failing which the Mortgagee may (but is not required to) make any such payments or perform or observe any such obligations.
 - f. The Mortgagor will not cause nor allow the Lease to be surrendered or cause or allow it to be terminated or forfeited.
 - g. The Mortgagor will not cause or allow any amendment to the Lease without first obtaining the Mortgagee's written consent.
 - h. The Mortgagor will promptly give the Mortgagee a copy of any notice, demand or request that the Mortgagor receives relating to the Lease or the land.
 - i. The Mortgagor will stand possessed of the land for the last day of the term or of any renewal term granted under the Lease in trust for the Mortgagee, and will assign and sell it as the Mortgagee may direct, but subject to the Mortgagor's rights under this Mortgage.
 - j. If the Mortgagor refuses or neglects to cause the Lease to be renewed, the Mortgagee may (but is not required to) from time to time make any such renewal in its own name or otherwise.
 - k. Where the Mortgagor from time to time acquires a leasehold or fee simple estate adjacent to the land or acquires a fee simple estate to all or any part of the land, the Mortgagor hereby agrees and undertakes to, and shall promptly mortgage that leasehold estate or fee simple estate, as the case may be, to the Mortgagee.
 - l. Without limiting any other remedy which the Mortgagee may have under this Mortgage, in the event that the Mortgagor is in default in the observance or performance of any of the terms or conditions of the Lease, and if the default is susceptible of being cured by the Mortgagee, the Mortgagee may at its option (but it shall not be obligated to) cure such default and otherwise perform the covenants and obligations on behalf of the Mortgagor.

and all costs and expenses incurred by the Mortgagee in such curing or performance, together with interest at the aforesaid rate shall be immediately due and payable by the Mortgagor and until paid shall be secured by this Mortgage. For the purpose of curing any default as aforesaid, the Mortgagee shall have the right at any time to enter upon and occupy the land and any improvements erected thereon. No such right of payment or performance by the Mortgagee shall prevent it from exercising any right it may have hereunder. Furthermore, nothing herein shall prevent or in any way interfere with any right of the Mortgagee to attorn to the lessor under the Lease directly or otherwise become lessee of the land by agreement or arrangement with the lessor.

- m. The Mortgagee may assign the Lease and sell the last day of the term granted by the Lease and/or remove the Mortgagor or any other persons from being a trustee of the last day of the term of the Lease and appoint a new trustee or trustees in its place. The Mortgagor will (i) at the Mortgagee's request and at the Mortgagor's cost, sell and assign to the Mortgagee (or any person appointed by the Mortgagee) the last day of the term of the Lease or any renewal term, and (ii) in the event of any sale by the Mortgagee as contemplated under this Mortgage, hold such last day in trust for the purchaser (as well as the purchaser's heirs, executors, administrators, successors and assigns).
 - n. The Mortgagor is mortgaging and subleasing the land to the Mortgagee for and during the unexpired residue of the Lease (except the last day of the Lease) and every other estate, term, right of renewal and other interest of the Mortgagor in the Lease.
- 2. The Lessee acknowledges the Mortgage will survive any termination of the Lease.
 - 3. Notwithstanding anything set out in this Mortgage to the contrary, the Mortgagee's rights and remedies hereunder will be subject to the terms of the Mortgage Consent Agreement dated _____ entered into among the Mortgagor, the Mortgagee and Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development.

This is Exhibit " 3 " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 20 13 RHODA LEMPHERS FORM 923 (01/2007)
STUDENT-AT-LAW
Commissioner for Oaths in and for the Province of Alberta FOR OATHS

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto; and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

E-FORM 923 (01/2007)

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

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- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;
- (ii) the details of any significant acquisition of Collateral;
- (iii) the details of any claims or litigation affecting Debtor or Collateral;
- (iv) any loss or damage to Collateral;
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

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(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to

make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

(i) any one of the events described in Clause 11 hereof;

(ii) a declaration by RBC pursuant to Clause 12 hereof; or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

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RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior

encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off

against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

- (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and
- (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR 1324206 Alberta Ltd.		
ADDRESS OF BUSINESS DEBTOR #104 5013-48 Street		
CITY Stony plain	PROVINCE AB	POSTAL CODE T7L 1L8

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

EXECUTION
DATE

1324206 Alberta Ltd

WITNESS /
OFFICER SIGNATURE*
(as to all signatures)

Sean F. J. Curran
Name:
9900 Commerce Place
10155-102 Street
* Address

Edmonton, AB T5J 4G8
* Address

Lawyer
* Professional Capacity

Y	M	D
08	01	16

**Carrying on Business as:

(Principal Address)

(City, Town, etc. & Province)

Seal

Seal

BRANCH ADDRESS

EDMONTON REAL ESTATE MARKETS
10117 JASPER AVE NW SUITE 301
EDMONTON AB T5J 1W8

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

- NIL -

SCHEDULE "B"

1. Locations of Debtor's Business Operations

#104

5013-48 Street

Stony plain, AB *Phin, AB*

T7L 1L8

2. Locations of Records relating to Collateral (if different from 1. above)

Same as above

3. Locations of Collateral (if different from 1. above)

Same as above

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

" N/A "

Search ID#: Z05073898

Transmitting Party

OGILVIE LLP

1400 10303 JASPER AVENUE
EDMONTON, AB T5J3N6

Party Code: 50001072
Phone #: 780 421 1818
Reference #:

Search ID #: Z05073898

Date of Search: 2013-Oct-07

Time of Search: 15:01:14

Business Debtor Search For:

1324206 ALBERTA LTD.

This is Exhibit " K " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta

RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z05073898

Business Debtor Search For:

1324206 ALBERTA LTD.

Search ID #: Z05073898

Date of Search: 2013-Oct-07

Time of Search: 15:01:14

Registration Number: 07102507022

Registration Type: SECURITY AGREEMENT

Registration Date: 2007-Oct-25

Registration Status: Current

Expiry Date: 2017-Oct-25 23:59:59

Exact Match on: Debtor

No: 1

Amendments to Registration

11060928564

Renewal

2011-Jun-09

Debtor(s)

Block

Status

1 1324206 ALBERTA LTD.
#104, 5013 - 48 STREET
STONY PLAIN, AB T7L 1L8

Current

Block

Status

2 WHITEMUD HEIGHTS LTD.
#104, 5013 - 48 STREET
STONY PLAIN, AB T7L 1L8

Current

Secured Party / Parties

Block

Status

1 ROYAL BANK OF CANADA
#301, 10117 JASPER AVENUE
EDMONTON, AB T6E 5X4

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Current

Search ID#: Z05073898

Business Debtor Search For:

1324206 ALBERTA LTD.

Search ID #: Z05073898

Date of Search: 2013-Oct-07

Time of Search: 15:01:14

Registration Number: 07102507139

Registration Type: LAND CHARGE

Registration Date: 2007-Oct-25

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 1324206 ALBERTA LTD.
#104, 5013 - 48 STREET
STONY PLAIN, AB T7L 1L8

Current

Block

Status

2 WHITEMUD HEIGHTS LTD.
#104, 5013 - 48 STREET
STONY PLAIN, AB T7L 1L8

Current

Secured Party / Parties

Block

Status

1 ROYAL BANK OF CANADA
#301, 10117 JASPER AVENUE
EDMONTON, AB T6X 5X4

Current

Search ID#: Z05073898

Business Debtor Search For:

1324206 ALBERTA LTD.

Search ID #: Z05073898

Date of Search: 2013-Oct-07

Time of Search: 15:01:14

Registration Number: 09120409337

Registration Type: SECURITY AGREEMENT

Registration Date: 2009-Dec-04

Registration Status: Current

Expiry Date: 2014-Dec-04 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 1324206 ALBERTA LTD.
17307 106 AVE
EDMONTON, AB T5S 1E7

Current

Secured Party / Parties

Block

Status

1 TRAIL APPLIANCES LTD.
6880-11ST SE
CALGARY, AB T2H 2T9

Current

Collateral: General

Block

Description

Status

1 ALL APPLIANCES SUPPLIED BY TRAIL APPLAICNES LTD. RO 1324206 ALBERTA LTD. DELIVERED TO WHITEMUD HEIGHTS, ENOCH,ALBERTA

Current

Search ID#: Z05073898

Business Debtor Search For:

1324206 ALBERTA LTD.

Search ID #: Z05073898

Date of Search: 2013-Oct-07

Time of Search: 15:01:14

Registration Number: 13072916303

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2013-Jul-29

Registration Status: Current

Expiry Date: 2015-Jul-29 23:59:59

Issued in Edmonton Judicial District

Court File Number is 1103 11180

Judgment Date is 2013-Jan-17

This Writ was issued on 2013-Jul-29

Type of Judgment is Other

Original Judgment Amount: \$27,000.00

Costs Are: \$0.00

Post Judgment Interest: \$197.60

Current Amount Owing: \$27,197.60

Exact Match on: Debtor

No: 2

Solicitor / Agent

Lyndon B. Thiessen
101, 10301 109 Street NW
Edmonton, AB T5J 1N4

Phone #: 780 431 1444

Fax #: 780 431 1499

Reference #: 17052

Debtor(s)

Block

1 RIDGE DEVELOPMENT CORPORATION
17307 106 Avenue
Edmonton, AB T5S 1E7

Status

Current

Block

2 1324206 ALBERTA LTD.
108, 5013 48 Street
Stony Plain, AB T7Z 1L8

Status

Current

Creditor(s)

Block

1	DECENT X-POSURE CONCRETE (ALBERTA) LTD. 2020 Sherwood Park Drive Sherwood Park, AB T8A 3H9
---	--

Status

Current

Result Complete

This is Exhibit " L " referred to in the affidavit

of statutory declaration of John Borath

Sworn before me this 4 day of November

A.D. 20

Commissioner for Oaths in and for the **GUARANTEE AND POSTPONEMENT OF CLAIM**

E-FORM 812 (09/2007)
RETENTION - M

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by **1324206 Alberta Ltd.** (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of **\$20,000,000.00 Twenty Million Dollars** together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable
in all
P.P.S.A.
Provinces
except
Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at Edmonton, Alberta this January 19, 2008.
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

Witness

Witness

Witness

Witness

JOHN BARATH

GEORGE SHEN

MANJINDER DHINSA

Seal

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) JOHN BARATH of Edmonton in the Province of Alberta, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and JOHN BARATH, GEORGE SHEN AND MANJINDER DHINSA, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at Edmonton this 14/01/2008 under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF ALBERTA

STATEMENT OF GUARANTOR

I am the person named in the certificate

JOHN BARATH
Signature of Guarantor

(Guarantor to sign in presence of Notary Public)

~~(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)~~

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY
PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) GEORGE SHEN of Edmonton in the Province of Alberta, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and JOHN BARATH, GEORGE SHEN AND MANJINDER DHINSA, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at Edmonton this 19/01/08 under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF ALBERTA

STATEMENT OF GUARANTOR

I am the person named in the certificate

GEORGE SHEN

Signature of Guarantor

(Guarantor to sign in presence of Notary Public)

~~(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)~~

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) MANJINDER DHINSA of Edmonton in the Province of Alberta, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and JOHN BARATH, GEORGE SHEN AND MANJINDER DHINSA, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at Edmonton this 19/01/08 under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

NOTARY PUBLIC IN AND FOR
THE PROVINCE OF ALBERTA

(Guarantor to sign in presence of Notary Public)

STATEMENT OF GUARANTOR

I am the person named in the certificate

MANJINDER DHINSA Signature of Guarantor

~~(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)~~

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

CASES

RQ0700

EDMONTON

07/10/2013 16:13:47 PAGE 0001

CLERK OF THE COURT - COUNTER

INDEX SEARCH BY NAME - PROVINCE WIDE

SEARCH : LAST/COMPANY NAME: 1324206 ALBERTA LTD.

CRITERIA : FIRST NAME:

COMPANY: Y

NAME TYPE: D JURISDICTION Q VS:

INITIAL:

REPORT COMMENT :

ELECT ALL FILES : Y

SELECT BY FILE # : N STARTING: 79 ENDING: 13

STARTING DOCUMENT	LAST STATUS DATE	LAST STATUS DESCRIPTION	PREVIOUS COURT
CTION NO: Q0803 07795 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 23NOV2009	* VS. CHAN, GENE AFFIDAVIT OF RECORDS	CHAN, LILY ✓ *
CTION NO: Q0903 11261 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 07APR2010	* VS. TORBEIH, WOSAM AFFIDAVIT OF RECORDS	✓
CTION NO: Q0903 11263 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 08APR2010	* VS. BADACH, ANTHONY AFFIDAVIT OF RECORDS	BADACH, CHRISTIE ✓
CTION NO: Q0903 11742 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 01JUN2010	* VS. LEVIA, TONY AFFIDAVIT OF RECORDS	PETROV, DANIEL
CTION NO: Q0903 11956 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 05MAY2010	* VS. SCHMIDT, LORRAINE AFFIDAVIT OF RECORDS	SCHMIDT, RONALD
CTION NO: Q0903 12364 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 01APR2010	* VS. NGUYEN, THUONG TRAN AFFIDAVIT OF RECORDS	LUONG, TRANG THI THU *
CTION NO: Q0903 16508 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 29JUL2010	* VS. BJORNSON, JESSIE AFFIDAVIT OF RECORDS	
CTION NO: Q0903 18647 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 02MAY2013	VS. LAMONT, BEAR CONSENT JUDGMENT	903
CTION NO: Q0903 18648 CIVIL CLAIM DEBT	1324206 ALBERTA LTD. 02MAY2013	VS. RUNCO, FERNANDO CONSENT JUDGMENT	RUNCO, MARIO * 903

This is Exhibit "M" referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 20 13.

Commissioner for Oaths in and for the Province of Alberta
PHILDA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

CLERK OF THE COURT - COUNTER

STARTING DOCUMENT	LAST STATUS DATE	INDEX SEARCH BY NAME - PROVINCE WIDE	PREVIOUS COURT
CTION NO: Q0903 18649 CIVIL CLAIM DEBT	1324206 ALBERTA LTD. 02MAY2013	VS. DITOPPA, RICK CONSENT JUDGMENT	903
CTION NO: Q0903 18650 CIVIL CLAIM DEBT	1324206 ALBERTA LTD. 02MAY2013	VS. RUNCO, MARIO CONSENT JUDGMENT	1359228 ALBERTA LTD. 903
CTION NO: Q0903 18651 CIVIL CLAIM DEBT	1324206 ALBERTA LTD. 02MAY2013	VS. D'AMORE, ALBERT CONSENT JUDGMENT	903
CTION NO: Q1003 00631 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 26APR2010	* VS. TRAIL APPLIANCES LTD. AFFIDAVIT OF RECORDS	
CTION NO: Q1003 01448 STATE CLAIM JUDG & DAMAGE	1324206 ALBERTA LTD. 14APR2010	* VS. JAMANI, RAHIM AFFIDAVIT OF RECORDS	JAMANI, NASH
CTION NO: Q1003 01927 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 12MAR2010	* VS. MILLER, JOEL AFFIDAVIT OF RECORDS	MILLER, CATHERINE 903
CTION NO: Q1003 01928 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 04MAY2010	* VS. LIANG, HUI AFFIDAVIT OF RECORDS	903
CTION NO: Q1003 01929 CIVIL CLAIM DEBT	1324206 ALBERTA LTD. 01APR2010	* VS. NGUYEN, TAI AFFIDAVIT OF RECORDS	BADACH, CHARLIE 903
CTION NO: Q1003 01930 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 01APR2010	* VS. HUGHES, VICKI AFFIDAVIT OF RECORDS	HUGHES, JOSEPH 903
CTION NO: Q1003 01931 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 01APR2010	* VS. 1233682 ALBERTA LTD. AFFIDAVIT OF RECORDS	903
CTION NO: Q1003 01932 CIVIL CLAIM DEBT & DAMAGE	1324206 ALBERTA LTD. 06APR2010	* VS. TRAN, BICH-NGOC AFFIDAVIT OF RECORDS	903
CTION NO: Q1003 08689 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD.	* VS. TANG, MICHAEL	STEFANIW, MARKO
CTION NO: Q1003 17348 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 20MAY2011	VS. LARDNER, JILL SATISFACTION PIECE	

CLERK OF THE COURT - COUNTER

INDEX SEARCH BY NAME - PROVINCE WIDE

STARTING DOCUMENT	LAST STATUS DATE	LAST STATUS DESCRIPTION	PREVIOUS COURT
ACTION NO: Q1103 03324 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 15MAR2012	VS. KPMG INC.; AS RECEIVER/M BRUTE FORCE HAULING INC. STATEMENT OF DEFENCE	
ACTION NO: Q1103 03947 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 22MAY2012	* VS. DOLYNNY, DARYL AFFIDAVIT OF RECORDS	
ACTION NO: Q1103 11180 STATEMENT CLAIM JUDGMENT	1324206 ALBERTA LTD. 17JAN2013	* VS. DECENT X-POSURE CONCRETE SUMMARY JUDGMENT	
ACTION NO: Q1303 01489 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 31MAY2013	* VS. PRAIRIE WESTERN DEVELOPM STATEMENT OF DEFENCE	
ACTION NO: Q1303 03058 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 11JUL2013	* VS. PRAIRIE WESTERN DEVELOPM STATEMENT OF DEFENCE	
ACTION NO: Q1303 01489 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD. 31MAY2013	* VS. PRAIRIE WESTERN DEVELOPM STATEMENT OF DEFENCE	
ACTION NO: Q0803 07795 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD.; OP 23NOV2009	* VS. CHAN, GENE AFFIDAVIT OF RECORDS	CHAN, LILY
ACTION NO: Q1103 03947 STATEMENT CLAIM - DAMAGES	1324206 ALBERTA LTD.; OP 22MAY2012	* VS. DOLYNNY, DARYL AFFIDAVIT OF RECORDS	

*****END OF REPORT*****

* duplicate



BARRISTERS AND SOLICITORS

OUR FILE: 59603.1

YOUR FILE:

REPLY TO:

KENTIGERN A. ROWAN, Q.C.

DIRECT LINE: (780) 429-6236

DIRECT FAX: (780) 429-4453

EMAIL: krowan@ogilvie-law.com

CANADIAN WESTERN BANK PLACE
SUITE 1400
10303 JASPER AVENUE
EDMONTON AB T5J 3N6
FACSIMILE (780) 429-4453
TELEPHONE (780) 421-1818

October 8, 2013

This is Exhibit "N" referred to in the affidavit
/ statutory declaration of John Borath
Sworn before me this 4 day of November
A.D. 2013

Commissioner for Oaths in and for the Province of Alberta
STUDENT-AT-LAW
COMMISSIONER FOR OATHS

Sent Via Courier

1324206 Alberta Ltd.
c/o its Registered Office
#108, 5013 - 48 Street
Stony Plain, AB T7Z 1L8

Dear Sirs:

Re: Debt by 1324206 Alberta Ltd. to Ridge Development Corporation

We are counsel for Ridge Development Corporation ("Ridge").

We are informed by our client that 1324206 Alberta Ltd. ("1324206") is indebted to it in the sum of \$1,032,372.00 plus interest on account of work, materials and services supplied by Ridge to 1324206 for the purposes of construction of the Whitemud Heights Condominium Project (the "Ridge Construction Debt").

In addition, we are informed by our client that 1324206 is indebted to it in the following amounts:

1. \$60,000.00 for repayment to Royal Bank of Canada ("RBC") on account of funds advanced by RBC for critical payments to maintain the present status of the Project;
2. \$120,000.00 for payments on account of GST liability of 1324206;
3. \$275,000.00 for payments by Ridge on account of legal accounts of 1324206; and
4. \$22,000.00 to satisfy an outstanding judgement against 1324206,

(collectively, the "Additional Ridge Debt").

On behalf of Ridge, we hereby demand payment of the Ridge Construction Debt and the Additional Ridge Debt.



BARRISTERS AND SOLICITORS

If the aforesaid sums are not paid within five (5) days of the date of this letter, we shall seek instructions from our client to commence action to enforce payment of the aforesaid sum and seek additional relief against the property of 1324206.

Yours truly,

OGILVIE LLP

Per:

A handwritten signature in black ink, appearing to read 'KAR', written over a horizontal line.

KENTIGERN A. ROWAN, Q.C.
KAR/sg

cc: Client

From: George Shen [mailto:georgeshen3@yahoo.com]
Sent: November-01-13 10:38 PM
To: Stephanie A. Wanke
Subject: Re: Whitemud Heights Receivership Application

I confirm that I am a 50% shareholder of White Castle Investments Ltd, which in turn owns 1/3 of the outstanding shares of 1324206 Alberta Ltd.

I consent to an appointment of a receiver manager over the Whitemud Heights project and all of the property of 1324206 Alberta Ltd.

George

Sent from Samsung Mobile

This is Exhibit " C " referred to in the affidavit
/ statutory declaration of John Barath
Sworn before me this 4 day of November
A.D. 20 13

Commissioner for Oaths in and for the Province of Alberta
RHODA LEMPHERS
STUDENT-AT-LAW
COMMISSIONER FOR OATHS