

Clerk's stamp: JUN 24 2019

COURT FILE NUMBER 1801-04745  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF HILLSBORO VENTURES INC.  
DEFENDANT CEANA DEVELOPMENT SUNRIDGE INC.  
DOCUMENT AFFIDAVIT OF KEITH FERREL NO. 2  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Dentons Canada LLP  
Bankers Court  
15<sup>th</sup> Floor, 850 - 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 0R8  
Attention: Derek Pontin / John Regush  
Ph. (403) 268-6301/7086 Fx. (403) 268-3100  
File No.: 559316-3

**AFFIDAVIT OF KEITH FERREL**

Sworn on June 21, 2019

I, Keith Ferrel, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SWEAR THAT:

1. I am the Manager of Hillsboro Ventures Inc. ("Hillsboro" or the "Lender"), the applicant creditor herein and, as such, have personal knowledge of the matters deposed to except where stated to be based on information and belief, in which case I verily believe the same to be true. I have satisfied myself that I am possessed of sufficient information and knowledge to swear this affidavit on behalf of Hillsboro. I am authorized by Hillsboro to make this affidavit.

Foreclosure Proceedings

2. Capitalized terms used in this affidavit have the definitions given to them in the Affidavit of Default I swore in these proceedings on August 31, 2018 (the "Affidavit of Default").
3. The Affidavit of Default was filed in support of an Application for Order for Sale to Plaintiff, seeking a sale to Hillsboro of the lands legally described as:

PLAN 9811891  
BLOCK 8  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 1.398 HECTARES (3.45 ACRES) MORE OR LESS

(the "Lands").

4. The Application for Order for Sale to Plaintiff was adjourned to permit Ceana Development Sunridge Inc. ("Ceana Sunridge") to conduct cross-examination on the Affidavit of Default.

5. I have, through counsel, provided Ceana Sunridge with numerous dates on which to conduct a cross-examination on affidavit. Ceana Sunridge has not availed itself of the opportunity to schedule a cross-examination on any of those dates.
6. I am advised by my counsel that Ceana Sunridge has not inquired as to or proposed alternate dates on which a cross-examination could occur.

Facility Documentation

7. Hillsboro has extended financing to Ceana Sunridge under and by way of three mortgage facilities (the "**Facilities**", and each a respective "**Facility**"). Ceana Sunridge granted Hillsboro various security in support of those mortgages and the related indebtedness to Hillsboro. The documents relevant to Hillsboro's credit facilities with Ceana Sunridge include the following (attached hereto, marked as the respective Exhibits):
  - (a) Formal Loan Commitment – up to \$3,000,000.00 ("**Exhibit A-1**");
  - (b) Mortgage ("**Exhibit A-2**");
  - (c) Assignment of Leases ("**Exhibit A-3**");
  - (d) Assignment of Rents ("**Exhibit A-4**");
  - (e) Security Agreement ("**Exhibit A-5**");
  - (f) Assignment of Project Agreements ("**Exhibit A-6**");
  - (g) Guarantee of Mortgage ("**Exhibit A-7**");
  - (h) Undertaking ("**Exhibit A-8**");
  - (i) Letter of Authorization ("**Exhibit A-9**");
  - (j) Irrevocable Order for Payment ("**Exhibit A-10**");
  - (k) Postponement of Claim – Mounir Alien ("**Exhibit A-11**");
  - (l) Postponement of Claim – Tarnbir K. Mundi ("**Exhibit A-12**");
  - (m) Postponement of Claim – 1982907 Alberta Ltd. ("**Exhibit A-13**");
  - (n) Postponement of Claim – Central Halal Meats Ltd. ("**Exhibit A-14**");
  - (o) Postponement of Claim – Zahir Karmali and Almas Karmali ("**Exhibit A-15**");
  - (p) Postponement of Claim – Gurjit Singh Dhillon ("**Exhibit A-16**");(collectively, Exhibits A-1 through A-16 being the "**First Mortgage Documents**";)
  - (q) Additional Loan Commitment – up to \$2,000,000.00 ("**Exhibit B-1**");
  - (r) Mortgage ("**Exhibit B-2**");

- (s) Assignment of Leases ("**Exhibit B-3**");
- (t) Assignment of Rents ("**Exhibit B-4**");
- (u) Security Agreement ("**Exhibit B-5**");
- (v) Assignment of Project Agreements ("**Exhibit B-6**");
- (w) Guarantee of Mortgage ("**Exhibit B-7**");
- (x) Letter of Authorization ("**Exhibit B-8**");
- (y) Irrevocable Order for Payment ("**Exhibit B-9**");  
(collectively, Exhibits B-1 through B-9 being the "**Second Mortgage Documents**");
- (z) Additional Loan Commitment – up to \$1,500,000.00 ("**Exhibit C-1**");
- (aa) Mortgage ("**Exhibit C-2**");
- (bb) Assignment of Leases ("**Exhibit C-3**");
- (cc) Assignment of Rents ("**Exhibit C-4**");
- (dd) Security Agreement ("**Exhibit C-5**");
- (ee) Assignment of Project Agreements ("**Exhibit C-6**");
- (ff) Guarantee of Mortgage – Bahadur Gaidhar ("**Exhibit C-7**");
- (gg) Guarantee of Mortgage – Yasmin Gaidhar ("**Exhibit C-8**");
- (hh) Mortgage in Support of Unlimited Guarantee of Mortgage Debt ("**Exhibit C-9**");
- (ii) Mortgage in Support of Unlimited Guarantee of Mortgage Debt ("**Exhibit C-10**");
- (jj) Letter of Authorization ("**Exhibit C-11**");
- (kk) Irrevocable Order for Payment ("**Exhibit C-12**");  
(collectively, Exhibits C-1 through C-12 being the "**Third Mortgage Documents**", together with the First Mortgage Documents, the Second Mortgage Documents and the Forbearance Agreement, the "**Facility Documents**").

#### Indebtedness and Financial Defaults

8. The two principal creditors of Ceana Sunridge are Hillsboro and Connect. As of April 29, 2019, Connect was owed \$4,153,756.48. Attached hereto, marked as **Exhibit "D"**, is a statement of account provided to me by Kunle Popoola of Connect.
9. I am advised by Hillsboro's legal counsel that Connect has demanded repayment from Ceana Sunridge of its outstanding indebtedness and has not been repaid.

10. As of June 5, 2019, the total amount of the indebtedness owed to Hillsboro under its Facility Documents is \$8,361,944 (the "**Hillsboro Indebtedness**"). Attached hereto, marked as **Exhibit "E"**, is a statement of account summarizing the Hillsboro Indebtedness.
11. The Hillsboro Indebtedness was advanced to Ceana Sunridge principally through three loan tranches, made in connection with Hillsboro's three mortgage facilities. The first and second loan tranches under the First Mortgage Documents and Second Mortgage Documents, respectively, have been fully advanced to Ceana Sunridge.
12. Under the Third Mortgage Documents, Hillsboro agreed to loan to Ceana Sunridge an amount up to \$1,500,000, with an initial advance of \$300,000 (less agreed deductions) and a further \$1,200,000 to be available upon Ceana Sunridge meeting certain conditions. Financing conditions include an equity contribution requirement (requiring dollar for dollar matching of equity with financing), which Ceana Sunridge has been unable to fulfill.
13. To date, Hillsboro has advanced \$842,720 under the Third Mortgage Documents. Hillsboro currently holds \$664,625.96 in trust with its legal counsel, reflecting amounts not yet advanced under the Third Mortgage Documents. Further to the Forbearance Agreement, these amounts may be applied by Hillsboro in its discretion as against outstanding principal, interest, fees (including legal fees), and other costs.
14. Hillsboro has demanded repayment of the Hillsboro Indebtedness from Ceana Sunridge and has not been repaid, notwithstanding demand. The only payments that have ever been made as against the Hillsboro Indebtedness have been payments by way of deduction from amounts reserved under the Facility Documents. Ceana Sunridge has made no voluntary payments on account of the Hillsboro Indebtedness, either before or after demand.
15. The Indebtedness continues to accrue interest and Hillsboro continues to incur fees and costs, including legal fees on a solicitor and his own client full indemnity basis, all of which are secured by the Facility Documents.

Lack of Development and Other Major Defaults

16. Since approximately August 10, 2018, there has been no material advancement of the construction project comprising the primary business of Ceana Sunridge. The project is principally the development of a 45,000 sqft, five building, retail condominium project in Northeast Calgary.
17. The defaults stated in the Affidavit of Default continue to persist. More specifically:
  - (a) Ceana Sunridge covenanted to have all liens against the Lands removed. An updated certificate of title for the Lands is attached hereto and marked as **Exhibit "F"**. As at the date of this Affidavit, there are seven liens registered against the Lands, and five certificates of pending litigation.
  - (b) Ceana Sunridge was required to provide equity injections through two tranches in an aggregate sum of \$1,000,000, which was to fund payment of necessary construction including steel joists, plumbing, electrical work, and related items. Ceana Sunridge made a small payment toward the steel joists, but the contribution amounted to less than 5% of the equity requirement and no further amounts have been paid.

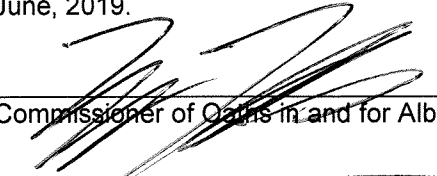


- (c) Upon an agreed timeline, additional draws were to be obtained under the Connect mortgage (not to exceed \$10,000,000), in order to provide ongoing construction financing. Ceana Sunridge has been unable to obtain any further draws.
  - (d) Upon an agreed timeline, Ceana Sunridge was to have Buildings A and B completed, joists and trusses delivered for Buildings C, D and E, windows installed, and HVAC and electrical signed off by the architect. None of these have been accomplished.
  - (e) Ceana Sunridge was required to complete necessary paving by September 30, 2018. Paving work is seasonal and was not completed prior to winter. If the same is not completed in a timely manner, the same seasonal problems will arise again and will cause further unreasonable delays.
  - (f) An occupancy permit was to be obtained for Buildings A-D by October 1, 2018, and for Building E by December 5, 2018.
18. Further, given the substantial delays to the project, Hillsboro believes there is risk of the sale agreements being lost and the value of the project deteriorating as a result.
19. In September 2018, the Lands and project were appraised by Altus Group at \$6.89 million, with a forced sale value of \$5.86 million. The development of the project has not been materially advanced since that time. It is evident the project in its current state is worth significantly less than the combined Connect indebtedness and Hillsboro Indebtedness. A copy of the Altus Appraisal is attached to the appraiser's Affidavit of Value, sworn September 5, 2018, a copy of which is attached hereto, marked as **Exhibit "G"**.
20. Moreover, the property taxes for the Lands are not being paid by Ceana Sunridge. As of June 20, 2019, there is a property tax account balance owing of \$191,885.97, of which \$81,719.10 is owed in arrears and \$4,903.14 has accrued as an arrears penalty. An updated City of Calgary property tax search for the Lands is attached hereto, marked as **Exhibit "H"**.
21. Given the lack of equity contributions to the project, and the inability of Ceana Sunridge to obtain further draws under the existing Connect financing, it is clear Ceana Sunridge has no access to the capital necessary to complete the project.
22. Hillsboro's only likelihood of repayment arises if the project is completed in a timely manner, so that existing sales can be closed. In Hillsboro's view, the only possible way for this project to be brought back on track is under the independent oversight of a court-appointed receiver.
23. Hillsboro's Facility Documents permit Hillsboro to appoint or apply to this Honourable Court to appoint a receiver and manager over the property of Ceana Sunridge. Hillsboro wishes to do so at this time.
24. I verily believe the immediate appointment of a receiver and manager of the business and property of Ceana Sunridge is just and convenient and is necessary to protect the interests of Hillsboro, Connect, and the other stakeholders.
25. It is clear the Defendant is incapable of completing this project and repaying its creditors. Hillsboro has no means to recover its indebtedness apart from by the appointment of a receiver and manager to complete the development of the project.

26. I verily believe that completion of the development of the project represents the best chance of the creditors of Ceana Sunridge receiving payments of the monies owed to them and for parties who have contracts to purchase units in the development obtaining the property they agreed to purchase.
27. I make this affidavit in support of an application to appoint Hardie & Kelly Inc. as a receiver and manager over the Lands and associated enterprise for no improper purpose.

Sworn before me in the City of Calgary in  
the Province of Alberta, the 21st day of  
June, 2019.

Commissioner of Oaths in and for Alberta



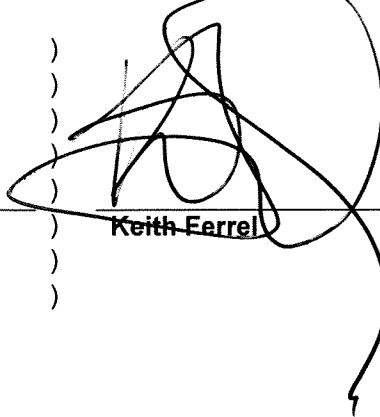
**TERRY TROJANOSKI**

A Commissioner for Oaths

in and for the Province of Alberta

My Commission expires June 6, 2021

Appointee No. 0736887




**Keith Ferrel**

**THIS IS EXHIBIT "A-1" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

A handwritten signature in black ink, appearing to read 'Terry Trojanoski', is written over a horizontal line.

**A Commissioner for Oaths**

**in and for the Province of Alberta**

**TERRY TROJANOSKI**

A Commissioner for Oaths

in and for the Province of Alberta

My Commission expires June 6, 2021

Appointee No. 0736887



216, 20 Sunpark Plaza, S.E., Calgary, Alberta, T2X 3T2

Ph: 403.262.1977 Fax: 403.266.1971  
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CEANA DEVELOPMENT SUNRIDGE INC.  
Suite 101, 3115 - 12<sup>th</sup> Street SE  
Calgary, Alberta  
c/o Hector MacMullin/Yorkfield Financial

January 2, 2017

Dear Bob,

**Re: FORMAL LOAN COMMITMENT – Mezzanine/2<sup>nd</sup> Mortgage financing of \$3,000,000.00 secured by land and improvements located at:**

**Municipal Description:**  
2255 – 32<sup>nd</sup> Street NE, Calgary, Alberta

**Legal Description:**  
Plan 9811891, Block 8, Lot 1

**COLLECTIVELY (the "Lands") – EXACT LEGAL DESCRIPTIONS TO BE CONFIRMED**

Further to our recent meetings, I wish to advise that Liberty Investments Ltd. (and or nominee(s)) is prepared to offer financing on the following terms:

Borrower:	Ceana Development Sunridge Inc.
Corporate Guarantor(s):	n/a
Personal Guarantor(s):	Mr. Bob Gaidhar
Lender:	Liberty Investments Ltd. and/or nominee(s)
Principal Amount of Loan: (gross)	\$3,000,000.00 – Mezzanine/2 <sup>nd</sup> Mortgage
Purpose:	To assist with construction funds required, in addition to 1 <sup>st</sup> Mortgage construction financing from Chinook Credit Union for a 5 building, +/-45,000 sq.ft retail condo project located near Sunridge mall NE Calgary
Interest Rate:	18% per annum
Funding Date:	On/about January 10, 2017
Term:	12 months with the full outstanding principal and all accrued and outstanding interest shall be due and payable on January 1, 2018
Payments:	Interest for the period from the date of the advance of the Mortgage Loan Amount up to and including the last day of the month in which the advance is made ("Interest Adjustment Date") shall be deducted from the initial advance made. Regular monthly payments shall be required on the first day of each month thereafter, and shall be paid initially from a full term prepaid interest



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account deducted from loan proceeds and paid to Lender, and subsequently from Borrower resources

**Security:**

1. 2nd Mortgage charge of \$3,000,000.00 to be registered on the Lands and all improvements;
2. Promissory Note from the Borrower to the Lender;
3. Personal Guarantee of Mr. Bob Gaidhar;
4. Postponement of all shareholder loans and/or charges;
5. Postponement and standstill from all Limited Partners and/or Joint Venture partners;
6. 2<sup>nd</sup> position Assignment of rents and leases;
7. 2<sup>nd</sup> position General Security Agreement from the Borrower to the Lender;
8. 2<sup>nd</sup> position Specific Assignment of 100% net sales proceeds where upon partial discharges will be granted by the Lender provided 100% of the initial sale proceeds are paid to the 1<sup>st</sup> Mortgagee until payout;
9. Specific Assignment of all material plans, blueprints, contracts, and agreements on the lands, including but not limited to, City of Calgary Offsite Levi Agreements, Development Permits/Agreements, Building Permits, Construction Management Agreements, Leases, etc;
10. Borrower to sign a letter of authorization which grants authority to all stakeholders (contractors, trades, government bodies, etc.) to provide information to the Lender upon request;
11. Other security as may be reasonably required by the Lender or the Lender's solicitor;

**Post Dated Cheques:**

N/A

**Stand by Fee**

If all of the conditions precedent set forth herein have not been waived or been met to the satisfaction of the Lender and if the Borrower has not drawn down on the initial advance as outlined herein within 7 days from the Funding Date, the Lender may require the Borrower pay a standby fee equal to the face rate of this loan per month on funds not disbursed

**Prepayment:**

This loan may be paid in full at any time subject to a minimum interest earned provision of 6 months times the full loan amount being earned by the Lender



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Late Payments:	Late payments, including NSF or other returned cheques, will result in a \$250.00 administrative charge for each such occurrence																
Disbursements:	\$3,000,000.00 less deductions of Interest Adjustment, Prepaid Interest, and Legal Fees— in trust to the Borrower's solicitor upon such solicitor's confirmation that all security documentation has been executed and registered at the appropriate public offices.																
Source and Application of Funds:	<p><b><u>Source of Funds:</u></b></p> <table><tr><td>1. Chinook Credit Union 1<sup>st</sup> Mortgage:</td><td>\$9,900,000.00</td></tr><tr><td>2. 2<sup>nd</sup> Mortgage funding herein:</td><td>\$3,000,000.00</td></tr><tr><td>3. Borrower's minimum equity contribution:</td><td>\$3,000,000.00</td></tr><tr><td><b>Total Funds:</b></td><td><b>\$15,900,000.00</b></td></tr></table> <p><b><u>Application of Funds (approximate):</u></b></p> <table><tr><td>1. Hard and Soft Construction Budget:</td><td>\$14,800,000.00</td></tr><tr><td>2. Payout existing 2<sup>nd</sup> Mortgage:</td><td>\$650,000.00</td></tr><tr><td>3. Prepaid Interest:</td><td>\$550,000.00</td></tr><tr><td><b>Total Funds:</b></td><td><b>\$15,900,000.00</b></td></tr></table>	1. Chinook Credit Union 1 <sup>st</sup> Mortgage:	\$9,900,000.00	2. 2 <sup>nd</sup> Mortgage funding herein:	\$3,000,000.00	3. Borrower's minimum equity contribution:	\$3,000,000.00	<b>Total Funds:</b>	<b>\$15,900,000.00</b>	1. Hard and Soft Construction Budget:	\$14,800,000.00	2. Payout existing 2 <sup>nd</sup> Mortgage:	\$650,000.00	3. Prepaid Interest:	\$550,000.00	<b>Total Funds:</b>	<b>\$15,900,000.00</b>
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Insurance:	The Borrower shall arrange for property and casualty insurance protection, including fire, course of construction and other perils suitable to the Lender, on the Lands showing loss payable to the Lender, as its interest may appear.																
Application/Processing Fee: (RECEIVED)	A non-refundable processing fee of \$2,500.00 is payable upon acceptance of this mortgage lending commitment to cover the reasonable costs for the processing of this application, site visits, and gaining approval for a new mortgage loan facility. Said fee may be deducted from Lender's initial advance																
Conditions precedent to be satisfied by Borrower:	<p>In addition to the above cited security and related documentation, each of the following conditions precedent must be satisfied by the Borrower, in each case in form and substance satisfactory to the Lender and its counsel, prior to any advance being made, and the Lender may acknowledge in writing to the Borrower that each of such conditions precedent have been satisfied or waived:</p> <ol style="list-style-type: none"><li>1. Completed Liberty Mortgage Application &amp; Net Worth Statement for the Borrower, and each of the guarantors;</li><li>2. Satisfactory review of as-is land and as-complete appraisal;</li><li>3. Satisfactory review of project budget and fixed price construction management agreement with Fast Track Commercial Inc.;</li></ol>																

4. Satisfactory confirmation of Borrower's equity to date of not less than \$3,000,000.00;
5. Satisfactory review of quantity surveyor's report;
6. Satisfactory review of Borrower's total project price list, along with confirmation of all pre-sales in place totaling not less than \$15,000,000.00;
7. Satisfactory review of Phase 1 Environmental report and Geo-Technical report;
8. Satisfactory review of Chinook Financial 1<sup>st</sup> Mortgage commitment;
9. Borrower to provide copy of DP, BP and full set of construction blueprints;
10. Lender's final credit committee approval;
11. Site visit to be conducted by Lender and/or Lender's representative;

**TRUST CONDITIONS:**

1. **(TRUST CONDITION)** Borrower to provide, satisfactory to the Lender, an up-to-date real property report, or equivalent, for the security showing that all buildings and other fixtures, all boundaries and easements, etc. on the Lands are all within applicable legal requirements;
2. **(TRUST CONDITION)** Borrower to provide, satisfactory to the Lender, evidence that the Lands comply in all material respects with any restrictive covenants affecting the site and have been built and are occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal government authorities having jurisdiction with respect thereto;
3. **(TRUST CONDITION)** Borrower to provide, satisfactory to the Lender, evidence of satisfactory title to the Lands and the absence of any encumbrances, liens and interests except those permitted by the Lender;
4. **(TRUST CONDITION)** Borrower to provide, satisfactory to the Lender, evidence of corporate authority of Borrower to enter into this Mortgage Lending Commitment and the security and related



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documents thereto, including an opinion of the Borrower's counsel as to usual matters, such as corporate status, authority, execution and delivery of all relevant supporting documentation;

5. **(TRUST CONDITION)** Borrower to provide, satisfactory to the Lender, evidence that all realty and property taxes, including levies, development charges, educational development charges and local improvement rates on the Lands billed to the date of advance of funds are paid in full;
6. **(TRUST CONDITION)** Borrower to execute Lender's form of Borrower Disclosure document;

Conditions Precedent to be Satisfied by the Lender:

Each of the following conditions precedent must be satisfied or waived by the Lender, prior to the initial advance and each subsequent advance being made, and the Lender may acknowledge in writing to the Borrower if and when each of such conditions precedent have been so satisfied or waived:

1. Site visit by Lender, accompanied by the Borrower, to the Lands for the each advance, when necessary, cost of which shall be to the Borrower's account;
2. Approval of this Mortgage Lending Commitment by the Lender's Credit Committee

Legal Fees:

All legal fees (on a solicitor and his own client basis) and disbursements associated with this mortgage lending commitment, including the initial documentation, matters which may arise during the term of the loan and the payout of the loan, are the sole responsibility of the Borrower and may be deducted from the loan proceeds. All fees and costs associated with the discharge of any security are also to the Borrower's account. The Lender and/or Lender's solicitor may require an up front legal retainer to begin security preparation. The cost of title insurance if utilized will also be to the account of the Borrower

Payment of costs:

Any costs associated with this Mortgage Lending Commitment which the Borrower may incur or be liable for, including interest, stand by fees, application fees and legal fees and disbursements, shall be a charge against the Lands and shall bear interest at the interest rate described herein from initial date of advance until they have been paid in full and may be deducted from mortgage proceeds. The Borrower hereby mortgages and charges all of its estate and interest in the Lands to secure the aforementioned costs

Caveat:

It is also understood that Liberty Investments Ltd. and/or nominee may register a caveat against the Lands to more fully secure the payment of costs and right of first refusal relative to this mortgage lending commitment





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Material Change or Omission:	Lender may refuse to fund additional advances, if at any time and at its sole discretion, if the Lender learns of any material omissions made by the Borrower and/or material changes in the market conditions
Termination of this Mortgage Lending Commitment:	In the event that the conditions precedent to be satisfied by the Lender have been satisfied or waived by the Lender and in the further event that the conditions precedent to be satisfied by the Borrower have not been satisfied by the Borrower or the Borrower fails to draw down the Loan Advance by January 31, 2017, then the Lender may terminate this Mortgage Lending Commitment and if it does so, it shall have no further obligation to the Borrower to advance all or any portion of the Mortgage Loan Amount
Not Assignable:	This mortgage lending commitment and all the benefits derived there from are neither assignable nor transferable by the Borrower
Advertisement:	Lender and/or Broker is authorized to advertise their involvement in this project by various means including, but not limited to, worldwide web, signage on property, newspaper ads, magazines ads, and internally prepared print material.
<b>OFFER EXPIRY:</b>	This mortgage lending commitment is open for acceptance by the Borrower Until <b>January 4, 2017 at 5pm MTN time</b> . Once accepted, this agreement is binding on the Borrower
Consent:	In connection with this mortgage lending commitment, the Borrower has and will continue to provide information including, but not limited to, confidential financial information of the Borrower and other persons, such as guarantors, to both Liberty Mortgage Corp. (the "Broker") and the Lender for the purposes of enabling the Broker and the Lender to make decisions as the creditworthiness of the Borrower, of enabling the Lender to determine its willingness to advance the loan to the Borrower and, if the Lender determines to proceed to make the loan, documenting and securing the loan to its satisfaction. Further, the Broker and the Lender may collect information from third parties other than the Borrower, such as credit bureaus, banks and other sources of credit information, to accomplish the above purposes and the Borrower hereby specifically authorizes the Broker and the Lender to obtain such information from such third parties. The Borrower acknowledges that in order to accomplish the aforesaid purposes, the Broker and the Lender may collect, use and disclose all such information to other third parties including, but not limited to, other brokers, agents and consultants, other potential Lenders and co-Lenders and professional advisors such as lawyers, accountants, real estate professionals, etc, who the Broker and Lender may engage for advice in respect of the above purposes. The Borrower hereby consents to the collection, use and disclosure of such information by the Broker, the



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Lender and such other third parties to accomplish the aforesaid purposes.

We trust you will find this letter of commitment is in accordance with your requirements and look forward to assisting you with this financing.

Regards,

Signed

**"CLINTON EVANGELISTA"**

**Clint Evangelista, B.Comm | PARTNER**  
Cell: 403.708.2911  
Office: 403.252.1977  
Fax: 403.266.1971  
Email: [cevangelista@libertymortgage.ca](mailto:cevangelista@libertymortgage.ca)



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### ACCEPTANCE

The terms of this mortgage lending commitment of funds are hereby acknowledged and agreed to.

Dated at Calgary, Alberta, Canada, on the 4 day of January, 2017

**Borrower:** Ceana Development Sunridge Inc.

Per: [Signature]  
Name Bob Gaidhar

[Signature]  
Witness

Per: [Signature]  
Name Bob Gaidhar

[Signature]  
Witness

**Personal Guarantor(s):** Bob Gaidhar

Per: [Signature]  
Bob Gaidhar

[Signature]  
Witness

**THIS IS EXHIBIT "A-2" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
\_\_\_\_\_  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## LAND TITLES ACT

### MORTGAGE

**CEANA DEVELOPMENT SUNRIDGE INC.** (hereinafter referred to as the "Mortgagor") being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(which together with the buildings, improvements and fixtures thereon are hereinafter referred to as the "Land");

IN CONSIDERATION of the sum of \$3,000,000.00 of lawful money of Canada, being the principal sum lent to the Mortgagor by **HILLSBORO VENTURES INC.**, having an office at 927 7A Street N.W. Calgary, T2M 3J4, (hereinafter referred to as the "Mortgagee") the receipt of which sum the Mortgagor does hereby acknowledge, HEREBY COVENANTS WITH the Mortgagee as follows:

#### PAYMENTS

1. The Mortgagor promises to pay to the Mortgagee in lawful money of Canada, the principal sum lent as aforesaid as follows:

From and including the date of advance, interest at 18.0% per annum, calculated monthly not in advance, as well after as before maturity, default and judgment, on the principal monies remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment (which interest rate is sometimes hereinafter referred to as the "Mortgage Rate" and computed from and including the initial advance date which interest shall become due and be paid in monthly instalments commencing on February 1, 2017 and on the first day of each and every month thereafter.

The principal sum of the advance(s) and all other outstanding sums shall become due and be paid in full on January 1, 2018.

#### STANDBY FEE

2. Intentionally Deleted.

#### OVERDUE INTEREST

3. The Mortgagor will pay to the Mortgagee interest and standby fee as aforesaid in the manner aforesaid, and all interest and standby fee on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Mortgage Rate as well after as before maturity of this mortgage, both before and after default, and both before and after judgment under this mortgage until paid, and shall be payable at the times, in the manner, and at the place hereinbefore provided for payment of interest, and all such interest and compound interest shall be a charge on the Land. In the event of nonpayment of any of the moneys hereby secured at the times herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, including after judgment, pay interest at the Mortgage Rate from day to day on the same.

#### AMENDMENTS

4. In the event the monies advanced hereunder are not advanced by the date expected by the Mortgagee then the Mortgagee may, at its sole option, amend any or all of the Date for Adjustment of Interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

## RENEWALS

5. In the event that the Mortgagee shall agree to renew or extend the term of this mortgage, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). In the event the Mortgagor herein is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this mortgage as renewed or extended.

## PREPAYMENT

6. The Mortgagor, when not in default hereunder, may prepay the principal in whole or in part at any time after 10 days written notice, without bonus or penalty provided that the Mortgagee has received a minimum of 6 months' interest under this mortgage.

## TAXES

7. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes"):

- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
- (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest and principal due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
- (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
- (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee

may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the principal moneys hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land;
- (i) the Mortgagor shall if requested by the Mortgagee, enroll in the taxing authority's tax instalment payment plan.

#### INSURANCE

8. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with extended coverage and replacement cost endorsements and in such amounts, all as the Mortgagee

may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.

- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefore.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.
- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.



### PAYMENT METHOD

9. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the instalments of principal and interest and/or the Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-juridical day on or after receipt thereof, shall be credited to the mortgage account on the next juridical day thereafter.

### CONSTRUCTION

10. In the event that this mortgage is a building or construction mortgage, the Mortgagor agrees that:

- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
- (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
- (c) it will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
- (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may see fit, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys;
- (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
- (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* of Alberta; provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

### CONDOMINIUM

11. In the event the Land is or becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the condominium

corporation from time to time in force, and will ensure that the condominium corporation complies with the insurance provisions in the said Act.

- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the condominium corporation in respect of the unit(s) charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the condominium corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the condominium corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the condominium corporation, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the condominium corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five days prior to each and every general meeting of the condominium corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the condominium corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the condominium corporation as the Mortgagor may from time to time receive notwithstanding the foregoing the Mortgagor shall ensure that the Mortgagee has notice of any meeting which will consider the termination of the condominium corporation or an amendment to the by-laws.
- (g) The Mortgagor does hereby irrevocably assign unto the Mortgagee any lease or rights to occupy any parking space or spaces demised to or reserved or designated for exclusive use by the Mortgagor and any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.
- (h) 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 paid by it and such distraint shall not result in the Mortgagee being a mortgagee in possession.
- (i) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever. The Mortgagor agrees not to sell or transfer condominium units while the blanket mortgage is registered and any such transaction shall be deemed a breach of covenant unless and until the Mortgagee has consented thereto. This prohibition does not apply if there is a specific partial prepayment clause contained elsewhere herein.

### RESTRICTION ON TRANSFER

12. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

### ADVANCES

13. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said principal sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the principal sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

### SUBROGATION

14. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

### WASTE

15. All erections and improvements fixed or otherwise now on or hereafter put upon the Land, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilation, lighting and water heating equipment, built-in cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, and if part of the Land consists of an apartment building all stoves, refrigerators, clothes washers and dryers, garburators and dishwashers, located in the apartment building and owned by the Mortgagor, are and shall, in addition to all other fixtures thereon, be and become and shall be deemed to be fixtures and form part of the realty and of the security and are included in the expression the "Land"; and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, repair, maintain, restore, amend, keep, make good, finish, add to and put in order the same.

### ALTERATIONS

16. The Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

### INSPECTIONS

17. The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Land to inspect the Land and buildings thereon.

### PLACE OF PAYMENT

18. All moneys whether principal, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

### CROSS-DEFAULT

19. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, security agreements, assignments of rentals, assignments of leases or any other securities (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. Default under this mortgage shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto.

### SUBSTITUTE MORTGAGE

20. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

### RELEASE OF SECURITY

21. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

### WAIVER

22. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

### USE OF MONEY

23. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

### LIABILITY OF MORTGAGOR

24. Notwithstanding any sale or other dealings by the Mortgagor with the Land, or any part thereof, the Mortgagor together with any other party who is or becomes liable under this mortgage, shall continue to be liable under this mortgage until all monies secured by this mortgage have been repaid in full notwithstanding the assumption of the mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor, and notwithstanding any amendment, modification, renewal or extension of this mortgage (including, without restriction, any increase or decrease in the interest rate, amortization period, monthly payments or term of this mortgage) which takes place after such sale or an assumption has occurred with or without the consent of the Mortgagor or any other party.

### ATTORNMENT

25. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

### RECORDS

26. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within thirty days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

### ASSIGNMENT OF LEASES AND RENTS

27. If the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases already in existence, and those to be created in the future, including any guarantees in respect thereof, and all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:

- (a) whenever the Mortgagor is in default under any of the provisions of this mortgage, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
- (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
- (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
- (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
- (e) the Mortgagee shall under no circumstances become a mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and subject to all deductions and payments made out of the rentals received from the Land as herein provided;
- (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;

- (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until further default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time such default occurs;
- (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;
- (i) the Mortgagor shall not hereafter collect more than two months rental in advance;
- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them;
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### RECEIVER

28. It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this mortgage, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
- (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
- (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
- (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent or attorney of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
- (f) the appointment of every such receiver by the Mortgagee shall not incur or create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;
- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name

of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;

- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;
- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges the Mortgagee and every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by the Mortgagee or any such receiver under the provisions of this clause, unless such claim be the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

#### INSOLVENCY

29. If the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* of Canada, or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant and default herein.

#### RIGHTS OF MORTGAGEE

30. The Mortgagor further covenants and agrees with the Mortgagee that in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;
- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled, without notice (except such as may be required by law and which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notice of intention to file a certificate in respect of the power of attorney) to sell and dispose of the Land (by public auction and/or private contract) with or without entering into possession of the same; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on



demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor; (any notice required to be given may be delivered to either the Land, the Mortgagor's residence or place of business, or the last known address of the Mortgagor);

- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may, except as specifically provided, exercise each of the foregoing powers without notice to the Mortgagor.

#### ATTORNEY

31. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the Land in accordance with the provisions of this mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

#### JUDGMENT

32. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

#### EXPENSES

33. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:

- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage and any collateral security hereto a charge subject only to the prior encumbrances acceptable to the Mortgagee;
- (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
- (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
- (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
- (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
- (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;

- (g) all sums paid to a receiver of the Land;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
- (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any default hereunder or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys and are included in the principal secured hereby.

### COVENANTS

34. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:

- (a) has a good title to the Land;
- (b) has the right to mortgage the Land;
- (c) on default the Mortgagee shall have quiet possession of the Land, free from all encumbrances except for such encumbrances as are now registered on the title;
- (d) will execute such further assurances of the Land as may be requisite;
- (e) has done no act to encumber the Land except for such encumbrances as are now registered on the title.

### EXPROPRIATION

35. The Mortgagor hereby assigns to the Mortgagee, any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Land, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

### **PRIOR MORTGAGES**

36. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any prior mortgages, agreements for sale or other charges (hereinafter called the "prior mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of other moneys payable hereunder.

### **SEVERABILITY**

37. In the event any clause or part of a clause herein is invalid or unenforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

### **SUCCESSORS AND ASSIGNS**

38. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

### **DISCHARGE**

39. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

### **LAW**

40. This mortgage is made pursuant to the Land Titles Act of Alberta and any amendments thereto and shall be construed in accordance with the laws of the Province of Alberta.

### **CHARGE**

41. For the better securing to the Mortgagee the repayment in the manner aforesaid of the principal sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land.

### **INTEREST**

42. It is the intent of the parties hereto that the interest rate not exceed the maximum interest rate permitted under the laws of Canada and of the Province of Alberta and if the interest rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the interest rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and the Province of Alberta and this mortgage shall automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

### COMMITMENT LETTER

43. The parties agree that the accepted terms and conditions of Liberty Investments Ltd.'s commitment letter dated January 2, 2017, shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the commitment letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this mortgage and the said commitment letter as amended, then this mortgage shall take precedence. There will be no conflict if the terms and conditions of the said commitment letter should enlarge or clarify the terms and conditions of this mortgage.

### HAZARDOUS SUBSTANCES

44. (a) The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (i) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;
- (ii) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (iii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (iv) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
  - (A) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (B) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
- (v) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
  - (A) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
  - (B) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.
- (b) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
  - (i) radioactive materials;
  - (ii) explosives;
  - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;

- (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
    - (A) endangers the health, safety or welfare of persons or the health of animal life;
    - (B) interferes with normal enjoyment of life or property; or
    - (C) causes damage to plant life or to property;
  - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
  - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands.
- (c) The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees, agents and shareholders and its successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:
- (i) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
  - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
  - (iii) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the mortgage or any collateral security and the full repayment of the mortgage monies.

#### DUE ON SALE

45. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed or otherwise similarly disposed of to a party not approved of in writing by the Mortgagee, or if the Mortgagor enters into an agreement to effect any of the foregoing to such an unapproved party whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the corporation shall constitute such a disposition); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial discharge clause contained elsewhere herein shall not be subject to the terms hereof.

### SUBSEQUENT FINANCING

46. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

### RE-ADVANCES

47. It is the intention of the Mortgagor and Mortgagee that the Mortgagee may wish to make advances and re-advances to the Mortgagor up to an aggregate outstanding balance at any time of the principal sum lent as set out aforesaid. Accordingly, this mortgage shall be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in the *Land Titles Act* of Alberta. This mortgage is and shall be a continuing security to the Mortgagee for the repayment of all present and future amounts owing in respect of the principal sum lent. Any portion of the principal may be advanced or re-advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and be repayable with interest as aforesaid and this mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured, but none of the execution and the registration of this mortgage and the advance in part of any monies by the Mortgagee shall bind the Mortgagee to advance any unadvanced portion thereof. This mortgage shall not be void if the principal sum secured hereby has been repaid in full, if such ability to borrow continues to be available to the Mortgagor. This mortgage shall be void only when the principal sum secured hereby has been repaid in full and the Mortgagee gives written notice to the Mortgagor that the Mortgagor will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage is deemed to be a revolving line of credit mortgage there shall be no right of prepayment except as provided, if at all, elsewhere in this mortgage.

### BENEFIT OF EASEMENTS

48. As additional security for all of the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any all easements, restrictive covenants, rights of way, party wall agreements, encroachment agreements and plus 15 agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenant) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagor. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

### GENERAL

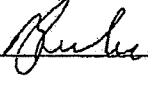
49. The Mortgagor agrees with the Mortgagee as follows:

- (a) to comply with the terms and conditions of the commitment letter or mortgage approval and this mortgage at all times;
- (b) to maintain adequate insurance coverage as outlined in the commitment letter or mortgage approval as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
- (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
- (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;

- (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time.

IN WITNESS WHEREOF the Mortgagor has duly executed these presents on the 6 day of January, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_

THIS IS EXHIBIT "A-3" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



## ASSIGNMENT OF LEASES

THIS ASSIGNMENT made this 6 day of January, 2017.

BETWEEN:

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the repayment of the sum of \$3,000,000.00 with interest thereon as in the said Mortgage provided;

AND WHEREAS there may have been, or may be, constructed a building or buildings on the said lands (hereinafter collectively and individually called the "building");

AND WHEREAS the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses to use or occupy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

AND WHEREAS it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DOETH HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor,

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of

money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.
3. That it will not, except in accordance with accepted real estate management practice, alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.
4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.
5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.

6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.


The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.

**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: 

Per: \_\_\_\_\_

THIS IS EXHIBIT "A-4" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

---

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 16 day of January, 2017.

BETWEEN:

CEANA DEVELOPMENT SUNRIDGE INC.  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

HILLSBORO VENTURES INC.  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

PLAN 9811891  
BLOCK 8  
LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter called the "lands")

to secure the sum of \$3,000,000.00 with interest as in the said Mortgage provided;

AND WHEREAS there may have been, or may be, constructed a building or buildings on the said lands (hereinafter individually or collectively called the "building");

AND WHEREAS the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

AND WHEREAS the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and other monies reserved and payable and to become payable under or in respect of the said Leases, and all other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to

demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the lands (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the lands and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

**THE ASSIGNOR** covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in

favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

**THE ASSIGNOR** covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

**THE ASSIGNOR** shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

**IF THE ASSIGNOR** defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

**NO WAIVER** by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

**THE ASSIGNOR** shall not dispose of the said lands or any part thereof. Any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one




Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

IN WITNESS WHEREOF this assignment has been duly executed and delivered as of the day and year first above written.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: \_\_\_\_\_ 

Per: \_\_\_\_\_

THIS IS EXHIBIT "A-5" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 2021  
Appointee No. 0736887

## SECURITY AGREEMENT

WHEREAS HILLSBORO VENTURES INC. (the "Secured Party") has advanced or will be presently advancing to CEANA DEVELOPMENT SUNRIDGE INC. (the "Debtor") by way of loan the sum of \$3,000,000.00, or any portion thereof, with interest thereon pursuant to the terms of and secured by a mortgage of the lands hereinafter described in Schedule "A" hereto (the "Mortgage of Land");

AND WHEREAS in the commitment for the said loan it was a requirement of the loan that the Debtor grant this Security Agreement to the Secured Party as additional security for the repayment of the said sum and interest;

NOW THEREFORE THIS AGREEMENT WITNESSETH that:

### 1. SECURITY INTEREST

- (a) For value received the Debtor, hereby grants to the Secured Party, a security interest ("Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in 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 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 in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:
  - (i) all inventory of whatever kind and wherever situate;
  - (ii) 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;
  - (iii) 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 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");
  - (iv) 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;
  - (v) all contractual rights and insurance claims;
  - (vi) 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").
- (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) Unless otherwise limited herein the terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Security", "Investment Property", "proceeds", "accession", "Money", "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 of Alberta, as amended from time to time, 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" or "inventory" of Debtor as those terms are defined in the P.P.S.A. 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 by Debtor to the Secured Party secures payment and performance of any and all obligations, indebtedness and liability of Debtor to the Secured Party (including interest thereon at the rate and in the manner set out in the Mortgage of Land from time to time) under the Mortgage of Land, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased and whether Debtor be bound alone or with another or others (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 the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

- (a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances") save for the Security Interest and those Encumbrances shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party, prior to their creation or assumption;
- (b) Debtor is authorized to enter into this Security Agreement;
- (c) each debt, Chattel Paper and Instrument constituting proceeds of Goods is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor").

## 4. COVENANTS OF DEBTOR

The Debtor covenants and agrees:

- (a) to defend Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party and, in any event, to deposit with the Secured Party all Money received from any disposition of Collateral;
- (b) to notify the Secured Party promptly of:
  - (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 of or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and
  - (vi) the return to or repossession by debtor of Collateral;
- (c) to keep the 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;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party 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 the Goods for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent Collateral 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 a proper and efficient manner and so as to protect and preserve the 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 the Secured Party's request so as to indicate the Security Interest; and
- (i) to deliver to the Secured Party from time to time promptly upon request:
- (i) any Documents of Title, Instruments, Securities, Investment Property and Chattel Paper 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, the Debtor and Debtor's business and affairs as the Secured Party may reasonably request.

## 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and the clause titled "Collection of Debts", 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 the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner

the Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party 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 or other Investment Property, Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party 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 or other Investment Property. After default, Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to Debtor or its order as aforesaid shall thereafter be effective.

#### 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Secured Party 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 the Secured Party. 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 the Secured Party and shall be turned over to the Secured Party upon request.

#### 8. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Secured Party 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 the Secured Party deems best or, at the option of the Secured Party, be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

#### 9. EVENTS OF DEFAULT

The happening of any one 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 the Secured Party, including without limitation the Mortgage of Land;
- (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 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 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, makes or agrees to make a bulk sale of assets without complying with applicable law 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; or
- (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 the Secured Party 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 the Secured Party at or prior to the time of such execution.

#### 10. ACCELERATION

Secured Party, in its sole discretion, may declare all or any part of the 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 the Secured Party 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 the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

#### 11. REMEDIES

- (a) Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party 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 and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, 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 or otherwise dispose of or concur in selling, leasing 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 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 the Secured Party, all Money received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.
- (b) Upon default, the Secured Party 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) Secured Party 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, the Secured Party may sell, lease 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 the Secured Party may seem reasonable:

- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Secured Party and in addition to any other rights the Secured Party may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.
- (e) Debtor acknowledges that the Secured Party 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 the Secured Party 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 reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, 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 the Secured Party 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) Secured Party 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.

## 12. MISCELLANEOUS

- (a) Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements 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 the Secured Party 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 Secured Party or a Manager or Acting Manager from time to time of the Secured Party 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 the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- (c) Upon Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expenses incurred by the Secured



Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of interest as set out in the Mortgage of Land from time to time.

- (d) Secured Party 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 the Secured Party may see fit without prejudice to the liability of Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either Debtor's or the Secured Party's name, at the Secured Party'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 the Secured Party 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, the Secured Party 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 the Secured Party 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 the Secured Party on which Debtor is in any way liable and, subject to the terms under the P.P.S.A., notice of any other action taken by the Secured Party.
- (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 the Secured Party. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.
- (h) 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.
- (i) 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 the Secured Party, if delivered to it or sent by prepaid registered mail addressed to it at its address where payments are being, or are to be, made 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 the Secured Party. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) 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 the Secured Party and is intended to remain in full force and effect until the Indebtedness is repaid and the obligations of the Debtor to the Secured Party performed notwithstanding that the Indebtedness is reduced from time to time and thereafter increased or entirely extinguished, or the Debtor by instrument in writing attempts to terminate this agreement.
- (k) 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.

- (l) 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 the grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (m) In the event any provision 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.
- (n) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Secured Party.
- (p) 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 the Secured Party at the time of amalgamation and any "Indebtedness" of the amalgamated company to the Secured Party 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) This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province of Alberta as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

**13. COPY OF AGREEMENT**

- (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
- (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by the Secured Party, or of any verification statement with respect to any financing statement registered by the Secured Party.

**14. NAME OF DEBTOR**

Debtor represents and warrants that the name of the Debtor as set out herein is accurate.

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 1 of March, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**SCHEDULE "A"**

**LANDS**

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**SCHEDULE "B"**

**ENCUMBRANCES**

**CWB Registrations 16042128403, 16042129029, 16042819785, 16092905543**

THIS IS EXHIBIT "A-6" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**ASSIGNMENT OF PROJECT AGREEMENTS**

THIS ASSIGNMENT made effective the 1 day of March, 2017.

BETWEEN:

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Borrower")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Lender")

OF THE SECOND PART

WHEREAS:

- A. The Borrower has applied to the Lender for a loan in the maximum amount of \$3,000,000.00 (the "Loan Amount") all as more particularly described in a commitment letter dated January 2, 2017 (the "Commitment") issued by Liberty Investments Ltd. to the Borrower and accepted by the Borrower.
- B. As security for the Loan Amount, interest thereon, commitment fees, funding fees, and all other fees, costs, expenses, charges and other amounts due by the Borrower which are described in the Commitment, the Borrower has issued a Mortgage in favour of the Lender in the principal amount of \$3,000,000.00 (hereinafter called the "Mortgage") which charges the lands owned by the Borrower described in Schedule "A" hereto, which lands and all buildings at any time situate thereon during the existence of the Mortgage are hereinafter referred to as the "Mortgaged Premises".
- C. The Borrower intends to develop a project on the Mortgaged Premises (hereinafter called the "Project").
- D. As a condition precedent to advances of the Loan, the Borrower has agreed to assign to the Lender as additional collateral security the following:
  - (a) the benefits of all development, zoning, land use and building permissions, exceptions and authorizations;
  - (b) all designs, diagrams, engineering certificates, surveys, drawings, plans and specifications;
  - (c) all performance bonds, maintenance bonds and labour and material payment bonds relating to the Project;the above being collectively called the "Collateral" and;
  - (d) all contracts and agreements relating to the development and construction of the Project including, but not limited to:

- (i) any development agreements;
  - (ii) professional, construction and sub-trade contracts;
  - (iii) all warranties, guarantees and indemnities of subtrades, suppliers and manufacturers in respect of work and materials done and supplied in respect of the construction or repair of the Mortgaged Premises and other improvements on the Mortgaged Premises; and
  - (iv) all subsisting permits, licenses, service contracts, utility contracts and other contracts affecting the Mortgaged Premises;
- (e) all the Borrower's rights under and by virtue of all offers to purchase the Mortgaged Premises, the Project and/or any or all of the condominium units;
- (f) all monies payable under sub-clause (e) including, but not limited to:
- (i) non-refundable deposits of purchaser's held with respect thereto;
  - (ii) purchaser G.S.T. rebates;
  - (iii) condominium holdbacks on unit sales pursuant to the Condominium Property Act of Alberta;
- (g) any mortgages granted or assigned to the Borrower by purchasers of condominium units;
- (h) the proceeds from sub-clauses (f) and (g) above;

sub-clauses (d) to (h) inclusive are collectively called the "Contracts", and the parties thereto, other than the Borrower, are collectively called the "Contractor".

**NOW, THEREFORE, THIS ASSIGNMENT WITNESSES:**

1. In consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Borrower covenants, declares and agrees with the Lender as follows:
  - (a) That the Borrower hereby assigns, transfers and sets over unto the Lender all of its right, title and interest in and to the Collateral and the Contracts including, without limitation, the benefit of all representations, warranties, conditions, terms and covenants made or contained in the Collateral and the Contracts or implied or expressed by law in relation thereto; and irrevocably appoints the Lender as its attorney and agent with full power and authority to execute all necessary documents in connection with the Collateral and the Contracts and to enforce performance of such conditions, terms and covenants and to demand, sue for and collect damages in connection with any misrepresentation, failure of warranty, or breach of any such condition, term or covenant in the name of and as agent for the Borrower, or in the name of the Lender; to have and to hold unto the Lender until all monies owing and all obligations of the Borrower under the Mortgage have been fully paid and fulfilled;
  - (b) That although it is intended by the Borrower and the Lender that this shall be a present assignment the Lender shall not be entitled, until there shall be default under the Mortgage or under the terms hereof, to exercise the rights assigned to it hereunder or to enforce or

sue in respect of any representation, warranty, condition, term or covenant under the Collateral or the Contracts and the other parties thereto shall be entitled to deal with the Borrower until receipt of written notice from the Lender stating that they should no longer deal with the Borrower;

- (c) That notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of any security this Assignment shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and all obligations of the Borrower under the Mortgage have been satisfied;
- (d) That the Borrower shall be permitted to enjoy the benefits of the Collateral and the Contracts unless and until default shall be made in the payment of any monies secured by the Mortgage or in the keeping or observance or performance of any covenant, proviso or condition contained herein or in the Mortgage and in the case of such default the Lender or its agent may but shall not be bound to give written notice to the other parties to the Collateral and the Contracts requiring them to deal directly with the Lender, and the Borrower covenants and agrees, at the request of the Lender, to join with the Lender in such notice and hereby irrevocably appoints the Lender as its attorney to join the Borrower in such notice;
- (e) That the Lender may waive any default or breach of covenant and shall not be bound to exercise its rights hereunder or to serve any notice upon any other party hereto upon the happening of any default or breach of covenant but any such waiver shall not extend to any subsequent default or breach of covenant;
- (f) That nothing herein contained shall be deemed to have the effect of making the Lender responsible for the performance of any of the covenants, provisions, stipulations, terms or conditions under the Collateral or the Contracts or oblige it to exercise the rights assigned to it hereunder and that the Lender shall not by virtue of these presents be deemed to be a mortgagee in possession of the Mortgaged Premises and the Lender shall not be under any obligation to take any action or exercise any remedy to enforce the performance of the obligations and liabilities under or in respect of the Collateral or the Contracts of the other parties thereto;
- (g) That the Borrower shall not, without the consent in writing of the Lender:
  - (i) assign, pledge, or hypothecate the Collateral or the Contracts other than to the Lender and shall not do or omit to do or permit any act to be done which either directly or indirectly has the effect of waiving, releasing, reducing or abating any rights, remedies or obligations of any party thereunder or in connection therewith;
  - (ii) terminate, accept a surrender of, or agree to any modification or amendment to any of the Collateral or any of the Contracts which would materially adversely change the obligations of the Borrower thereunder;
- (h) That the Borrower hereby agrees to execute such further assurances as may be reasonably required by the Lender from time to time to perfect this Assignment;
- (i) That this Assignment is taken by way of additional security only, and neither the taking of this Assignment nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Lender or the obligations of the Borrower under the Mortgage or any security collateral thereto;

- (j) That the rights and remedies given to the Lender hereunder shall be in addition to and not in substitution for and shall not in any way derogate from or delay or prejudice any rights or remedies to which the Lender may be entitled under the Mortgage or any security collateral thereto or by law;
  - (k) That such of the Collateral and the Contracts as are now in existence are in full force and effect;
  - (l) That to the best of the Borrower's knowledge, there is currently no default by any party to the Collateral or the Contracts under any term, condition or covenant required to be performed by it under such of the Collateral and the Contracts as are now in existence;
  - (m) That the Borrower has to date observed and performed all of its obligations under such of the Collateral and the Contracts as are now in existence and will continue hereafter to observe and perform all of its obligations under the Collateral and the Contracts;
  - (n) That the Borrower now has a good right, full power and absolute authority to assign the Collateral and the Contracts and the benefits thereof in the manner aforesaid according to the true intent and meaning of this Assignment.
2. Any notice, request, demand, consent, approval or other communication ("Notice") which a party is required or may desire to give to another party hereunder shall be in writing and shall be given by personal delivery or transmitted by facsimile, telex or other telegraphic or electronic communication which results in a written or printed notice being given, addressed as follows (or addressed to such other address as may be the subject of a Notice delivered hereunder):

If to the Borrower:

**CEANA DEVELOPMENT SUNRIDGE INC.**

#20, 1915-32nd Ave N2  
Calgary, AB T2C 7C8

Fax: \_\_\_\_\_

If to the Lender:

**HILLSBORO VENTURES INC.**

927-7A Street N.W.  
Calgary, T2M 3J4

Fax: \_\_\_\_\_

Any Notice given in connection with this Assignment, if delivered, shall be deemed to have been given on the day of delivery. Any Notice sent by facsimile, telex or other telegraphic or electronic communication shall be deemed to have been given on the business day next following the date of transmission.

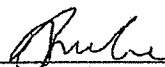
**IT IS AGREED** that the expressions the "Borrower" and the "Lender" wherever used in these presents shall include and this Assignment shall be binding upon and enure to the benefit of the successors and assigns of the Borrower and the Lender respectively. Wherever the singular or masculine is used throughout



this Assignment the same shall be construed as meaning the plural or the feminine or body corporate or politic wherever the context or the parties hereto so require.

IN WITNESS WHEREOF this Indenture has been executed the day and year first above written.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_  
(corporate seal)

**SCHEDULE "A"**

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

THIS IS EXHIBIT "A-7" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

A handwritten signature in black ink, appearing to read 'Terry Trojanoski', is written over a horizontal line.

A Commissioner for Oaths

in and for the Province of Alberta

**TERRY TROJANOSKI**

A Commissioner for Oaths

in and for the Province of Alberta

My Commission expires June 6, 2021

Appointee No. 0736887

## GUARANTEE OF MORTGAGE

WHEREAS CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter called the "Mortgagor" or the "Borrower") has applied to HILLSBORO VENTURES INC. (hereinafter called the "Mortgagee") for a loan of \$3,000,000.00 and has executed and delivered to the Mortgagee a mortgage of the land hereinafter described, dated the 12 day of JANUARY, 2017, 2017 (hereinafter called the "Mortgage") as security for the repayment of the said loan and interest thereon, the said land being described as follows, that is to say:

PLAN 9811891

BLOCK 8

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND WHEREAS BAHADUR GAIDHAR (hereinafter called the "Guarantor") has/have jointly and severally agreed to execute these presents in consideration of the advance of \$3,000,000.00 or any part thereof, by the Mortgagee to the Borrower, and in consideration of the sum of ONE DOLLAR (\$1.00), receipt and sufficiency whereof is acknowledged hereby.

NOW THEREFORE the Guarantor jointly and severally covenants and agrees to and with the Mortgagee as follows:

1. The Guarantor unconditionally, absolutely and irrevocably guarantees to the said Mortgagee the due performance and observance of all covenants, conditions, stipulations, indemnities and provisos contained in the Mortgage and any renewals thereof, and the due repayment of the said principal sum, interest, costs and charges at the times and in the manner set out in the Mortgage and any renewals thereof, notwithstanding that the covenant to pay of the Borrower as contained in the Mortgage may become unenforceable according to law.
2. As between the Mortgagee and the Guarantor, the Guarantor is and shall continue to be liable as principal debtor under all the covenants contained in the Mortgage including any modifications, variations, renewals or extensions thereof, notwithstanding any transaction which may take place between the Mortgagee and the Borrower or any neglect or default of the Mortgagee which might otherwise operate as a discharge whether partial or absolute of the Guarantor if it were surety only of the Borrower, and without restricting the generality of the foregoing, notwithstanding the releasing in whole or in part of the properties and assets mortgaged or charged, or of the granting of time or other indulgence to the Borrower. The Mortgagee shall not require the consent of the Guarantor when making the aforesaid modifications, variations, renewals or extensions.
3. The Mortgagee in its absolute discretion or in the absolute discretion of any officer or agent, and without diminishing the liability of the Guarantor may grant time or other indulgence to the Borrower and any other person or persons now or hereafter liable to the Mortgagee in respect of the said principal monies and interest and may give up, modify, vary, exchange, renew or abstain from perfecting or taking any security or the advantage of any security or securities in whole or in part and may discharge any part or parts or accept any composition, or arrangements or realize any security or securities when and in such manner as the Mortgagee or any officer thereof may think expedient and in no case shall the Mortgagee be responsible for any neglect or omission with respect to such security or securities or the taking thereof. The Guarantor renounces all benefits of discussion and division. Any account settled or stated by or between the Mortgagee and the Borrower or admitted by or on behalf of the Borrower may be adduced by the Mortgagee and shall in that case be accepted by the Guarantor as conclusive evidence that the balance or amount thereof thereby appearing is due by the Borrower to the Mortgagee.

4. The Guarantor will not at any time claim to be subrogated in any manner to the position of the Mortgagee and will not claim the benefit of any security at any time held by the Mortgagee, provided however, that in the event of the Guarantor paying to the Mortgagee all the monies remaining unpaid then such Guarantor shall be entitled on demand made by them in writing to the Mortgagee to be subrogated and to the assignment of such security (excepting in any event any environmental indemnity) remaining in the Mortgagee at the time such notice is received by it.
5. The Mortgagee shall not be bound to exhaust its recourse against the Borrower or other parties or securities it may hold, or any of them before requiring payment of the Guarantor, and the Mortgagee may enforce the various remedies available to it and may realize upon the various securities or any part thereof in such order as the Mortgagee may determine.
6. This Guarantee shall be a continuing guarantee and shall apply to and secure any ultimate balance due and remaining unpaid to the Mortgagee by the Borrower even if, without the consent of the Guarantor, the term and/or amortization period of the Mortgage is extended or reduced in time or if the interest rate is decreased or increased.
7. No suit based on this Guarantee shall be instituted until demand for payment has been made upon the Guarantor. Demand shall be deemed to have been effectually made if and when an envelope containing such demand addressed to the Guarantor at the address of the Guarantor last known to the Mortgagee is delivered to the said address or four clear days after it is mailed postage prepaid in any Government Post Office.
8. If default shall occur under any of the security for the said loan, the Guarantor shall forthwith upon demand being made upon the Guarantor by the Mortgagee pay to the Mortgagee all principal, interest, costs and expenses due by virtue of this Guarantee or any of the security for the said loan.
9. Notwithstanding anything set out in any of the security for the said loan, the Mortgagee will not in any way be responsible for the performance of any covenants therein contained and in particular, but without limitation, will not in any way be responsible for either the holding or the supervision of the insurance policies required to be maintained under the covenants to insure contained in the said security, nor the verification of the compliance with respect to any such covenants to insure and that the Mortgagee's permissive power to place insurance on the assets mortgaged to it contained in the said security is in its sole and absolute discretion. The Guarantor acknowledges that the Mortgagee's action or lack of action in such holding, supervision, verification or in its permissive powers shall in no way diminish liability hereunder.
10. The Mortgagee, without the consent of the Guarantor, may assign in whole or in part the said loan, any of the security for the said loan and/or any security collateral thereto and the benefit of all covenants of the Guarantor as herein contained.
11. The Mortgagee shall not be concerned to see or inquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf and monies, advances, renewals or credits in fact borrowed or obtained from the Mortgagee in the professed exercise of such powers shall be deemed to form part of the liabilities hereby guaranteed even though the borrowing or obtaining of such monies, advances, renewals or credits was irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or of the directors, partners or agents thereof and notwithstanding that the Mortgagee has specific notice of the powers of the Borrower or the directors, partners or agents thereof.
12. This Guarantee shall not be discharged or otherwise affected by the death or loss of capacity of the Borrower, by any change in the name of the Borrower, or in the membership of the Borrower, if a

partnership, or in the objects, capital structure or constitution of the Borrower, if a corporation, or by the sale of the Borrower's business or enterprise or any part thereof or by the Borrower being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all guaranteed liabilities and obligations whether theretofore or thereafter incurred; and in the case of a change in the membership of a Borrower which is a partnership or in the case of the Borrower being amalgamated with a corporation, this guarantee shall apply to the liabilities of the resulting partnership or corporation, and the term "Borrower" shall include each such resulting partnership and corporation.

13. This Guarantee is binding whether or not any other Guarantors become liable to guarantee any part of the guaranteed obligations and this Guarantee is expressly not conditional upon the execution hereof by any other party and shall be binding upon the single Guarantor who signs notwithstanding non-execution thereof by the others.
14. In the event there is more than one Guarantor, the release of any of the Guarantors from liability shall not affect or diminish the liability of the remaining Guarantor or Guarantors, even if there are separate guarantees.
15. The omission of the Mortgagee to preserve its security or to file or record with any public office the security document or other instrument reserving title in or creating a lien or charge on property given to secure the payment of the aforesaid obligation or any irregularity or omission in the security documents shall not affect, discharge or lessen the liability of the Guarantor hereunder and further it is agreed that in the event the Mortgagee takes any steps to liquidate, protect or realize upon any such security or collateral, the Mortgagee shall not be under any liability to the Guarantor for any negligence on the part of the Mortgagee in so doing.
16. Notwithstanding the Borrower making an assignment for the benefit of creditors or becoming bankrupt or insolvent or taking the benefit of any law now or hereafter in force for bankrupt or insolvent debtors, and notwithstanding the extinguishing of the debt or obligations of the Borrower or the release or discharge of the Borrower pursuant to any applicable law, this Guarantee shall continue to be valid and of full force and effect and shall not be deemed to have been waived, released, discharged, impaired or affected thereby.
17. All debts and liabilities present and future of the Borrower to the Guarantor are hereby postponed to the aforesaid indebtedness of the Borrower to the Mortgagee and all monies received by the Guarantor, its heirs, executors, administrators, successors and assigns in respect thereof after default under the Mortgage shall be received as trustee for the Mortgagee and shall be paid to the Mortgagee upon its request.
18. In respect to any deficiency in the payment of the monies payable under the Mortgage and any renewals together with interest thereon and owing to the Mortgagee by the Borrower upon the Mortgagee exercising its rights under the Mortgage to realize upon the security thereof, the Guarantor further unconditionally guarantees to the Mortgagee the due and timely payment of such deficiency together with interest thereon at the rate provided for in the Mortgage notwithstanding that by operation of the law the covenant to pay in the Mortgage may be unenforceable against the Borrower.
19. In addition to any other amounts due or incurred herein, the Guarantor shall also pay to the Mortgagee all party and party costs, all solicitor and client costs (on a solicitor and his own client basis) and all legal and other expenses incurred by virtue of any demand, default or proceeding taken to realize on this Guarantee or any of the said security.

20. This Guarantee shall remain in full force and effect, unless a release in writing has been authorized and issued by the Mortgagee, and shall apply to any and all renewals and extensions of the term of the Mortgage and to any amendment or modification of the Mortgage whether made by the Mortgagor or any subsequent owner of the mortgaged lands, whether or not the Guarantor shall approve of or consent to any such renewal, extension, amendment or modification and whether or not the Guarantor shall have been notified of any such renewal, extension, amendment or modification; and this Guarantee shall apply to the Mortgage terms and conditions as renewed, extended, amended or modified (including without limitation any increase or decrease in the rate of interest payable in respect of the monies secured by the Mortgage) whether or not the Guarantor receives notice of or consents to those terms and conditions.
21. If and whenever the liability of the Guarantor hereunder shall be limited, then and in that event any sale of the assets or any part thereof which are charged by the Mortgage (including any sale of mortgaged lands) shall not act as a reduction of the liability of the Guarantor under this Guarantee or under any judgement obtained by the Mortgagee so long as there are monies due and owing to the Mortgagee after application of any sale proceeds or other monies which have been realized or which are deemed to have been realized by operation of law or otherwise. Accordingly, if the Mortgagee chooses to realize on the Mortgage either prior to or after obtaining a judgment under this Guarantee, the liability of the Guarantor shall always be for the last monies which are due and owing to the Mortgagee.
22. The Guarantor acknowledges the advice of the Mortgagee to obtain independent legal advice in respect of the granting of this Guarantee.
23. This Guarantee shall be construed in accordance with the laws of the Province of Alberta.
24. This Guarantee and Agreement shall extend to and enure to the benefit of the Mortgagee and its successors and assigns and reference herein to the undersigned or to the Guarantor is a reference to and shall be construed as including their heirs, administrators, executors and assigns.
25. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context is so required and in any case where this instrument is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several and their heirs and executors, administrators, successors and assigns of any party executing this instrument are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.
26. The Guarantor does hereby irrevocably submit and attorn to the non exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee; waives all right to object to jurisdiction or execution in any legal action or proceeding relative to this Guarantee which the Guarantor may now or hereafter have by reason of domicile or otherwise; waives any objection to the laying of venue in such courts of any actions, suits or proceedings arising out of or in connection with this Guarantee; waives and agrees not to plead or claim that any action, suit or proceeding in such courts has been brought in an inconvenient forum; and waives any right the Guarantor may have to, or to apply for, trial by jury in conjunction with any matter, action, proceeding, claim or counterclaim arising out of or pursuant to this Guarantee.
27. If as a result of any payment by Guarantor hereunder whether in respect of principal, interest, interest on overdue interest, fees or other payment obligations, the Mortgagee is required to pay tax under Part XIII of the *Income Tax Act* (Canada) or any other legislation, then Guarantor will, upon

demand by the Mortgagee, and whether or not such taxes are correctly or legally asserted, indemnify the Mortgagee for the payment of any such taxes, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by Guarantor on demand and shall bear interest at the same rate as the other monies due hereunder calculated from the date incurred by the Mortgagee to the date paid by the Guarantor.

IN WITNESS WHEREOF the Guarantor has executed these presents this 1 day of March, 2017.

WITNESS

  
BAHADUR GAIDHAR



**GUARANTEES ACKNOWLEDGMENT ACT**  
(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

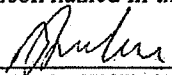
- 1 **BAHADUR GAIDHAR**, the guarantor in the guarantee dated the 1 day of March, 2017 made between **HILLSBORO VENTURES INC.** and **BAHADUR GAIDHAR** which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the guarantee.
- 2 I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by Khalil Haji (print name), Lawyer at the City of Calgary, in the Province of Alberta, this 1 day of March, 2017.

\_\_\_\_\_  
SIGNATURE of Lawyer

**STATEMENT OF GUARANTOR**

I am the person named in this certificate.

  
**BAHADUR GAIDHAR**  
Signature of Guarantor

**LAWYER CERTIFICATION**

I, Khalil Haji the aforesaid Lawyer certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Guarantor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
  - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
  - or
  - (ii) made in a jurisdiction other than Alberta, and I am a lawyer entitled to practice law in that jurisdiction.

Dated the 1 day of March, 2017.

\_\_\_\_\_  
Signature of Lawyer

THIS IS EXHIBIT "A-8" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

A handwritten signature in black ink, appearing to read 'Terry Trojanoski', is written over a horizontal line.

A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI

A Commissioner for Oaths

in and for the Province of Alberta

My Commission expires June 6, 2021

Appointee No. 0736887

**UNDERTAKING RE REPAIRS**

In order that **HILLSBORO VENTURES INC.** (the "Lender") can advance funds under its mortgage for **\$3,000,000.00** registered against:

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

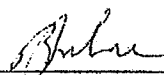
and in consideration of any such advance the undersigned hereby undertake(s) and agree(s) not to amend any joint venture agreements or enter into any new joint venture agreements (unless such new joint venture agreement is in all material respects on the same terms as previously disclosed to the Lender) with respect to the design, development and construction of a commercial centre located on the said lands (the "Project"). In the event that the undersigned enters into a new joint venture agreement with a party that also enters into a purchase agreement to purchase a condominium unit in the Project, the undersigned shall use all reasonable efforts to obtain a postponement on terms satisfactory to the Lender.

The undersigned acknowledge and agree that failure to do the foregoing shall be a default under the said mortgage.

This document may be executed in counterpart and may be relied upon in facsimile/pdf copy.

Dated this 1 day of March, 2017.

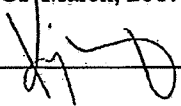
**CEANA DEVELOPMENT SUNRIDGE  
INC.**

Per:  c/s  
Bahadur Gaidhar

CONSENTED AND AGREED TO BY THE GUARANTOR(S) OF THE MORTGAGE

THIS 1 DAY OF March, 2017.

WITNESS



  
**BAHADUR GAIDHAR**

**THIS IS EXHIBIT "A-9" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
\_\_\_\_\_  
**A Commissioner for Oaths**

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**LETTER OF AUTHORIZATION**

**TO WHOM IT MAY CONCERN:**

**Re:   PLAN 9811891  
      BLOCK 8  
      LOT 1  
      EXCEPTING THEREOUT ALL MINES AND MINERALS  
      ("the Property")**

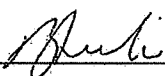
We confirm that we are the registered owners of the Property and acknowledge that **HILLSBORO VENTURES INC.** will be conducting statutory lien searches and other searches in respect of the Property and/or the undersigned.

Accordingly, please consider this to be your irrevocable authority to release to **HILLSBORO VENTURES INC.**, or its principal Keith Ferrel, both c/o 927 – 7 A Street NW, Calgary, AB T2M 3J4, any and all records and information whatsoever respecting the Property and our dealings with you in respect thereof.

We further authorize any on-site inspection of the Property by any governmental authority if requested by **HILLSBORO VENTURES INC.**

Dated the   1   day of   March  , 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**  
by its authorized signatory

  
\_\_\_\_\_  
Name:   Bhadrachar     Raidhar    
Title:   Director

THIS IS EXHIBIT "A-10" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**IRREVOCABLE ORDER FOR PAYMENT**

TO: **HILLSBORO VENTURES INC.**  
AND TO: **BORDEN LADNER GERVAIS LLP**  
**Barristers & Solicitors**  
RE: **Loan – PLAN 9811891**  
**BLOCK 8**  
**LOT 1**  
**EXCEPTING THEREOUT ALL MINES AND MINERALS**

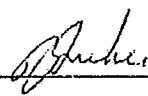
YOU ARE HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED TO MAKE ANY ADVANCE UNDER THE LOAN FOR \$3,000,000.00 WHICH YOU ARE MAKING TO the undersigned to your solicitors, BORDEN LADNER GERVAIS LLP, TO BE DISBURSED IN THE FOLLOWING MANNER, THAT IS TO SAY:

1. in payment of solicitor's fees and disbursements;
2. in payment of outstanding accounts, surveys, taxes or prior encumbrances;
3. in payment of accrued interest, interest reserve and/or principal payments due after interest adjustment date (which you may deduct from any advance);
4. in payment of outstanding appraisal fees, broker fees, and/or inspection fees, if any and if not already paid (which you may deduct from any advance);
5. the balance of the proceeds of the said mortgage to KH Dunkley Law Group or at your option to any or all of the undersigned.

**THIS ORDER FOR PAYMENT IS IRREVOCABLE** and for so doing, this shall be your sufficient warrant and authority.

DATED this 1 day of March, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: 

Per: \_\_\_\_\_

THIS IS EXHIBIT "A-11" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**MOUNIR ALEIN**

(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**

(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**

(herein called the "Borrower")

**WHEREAS** the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

**AND WHEREAS** in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

**AND WHEREAS** the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

**AND WHEREAS** it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

**NOW THIS AGREEMENT WITNESSETH** that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

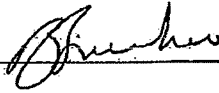
The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.

This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

**EXECUTED** by the Creditor as of the day and year first above written.

Witness



  
MOUNIR ALEIN

Witness

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per:



Per:

(seal)

**THIS IS EXHIBIT "A-12" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

**in and for the Province of Alberta**

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**TARNBIR K. MUNDI**  
(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**  
(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(herein called the "Borrower")

**WHEREAS** the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

**AND WHEREAS** in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

**AND WHEREAS** the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

**AND WHEREAS** it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

**NOW THIS AGREEMENT WITNESSETH** that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.

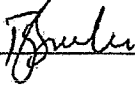


This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

**EXECUTED** by the Creditor as of the day and year first above written.

Witness

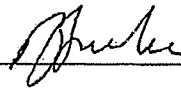


TARNBIR K. MUNDI

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per:



Per:

(seal)

THIS IS EXHIBIT "A-13" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**1982907 ALBERTA INC.**  
(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**  
(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(herein called the "Borrower")

WHEREAS the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

AND WHEREAS in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

AND WHEREAS the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

AND WHEREAS it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

NOW THIS AGREEMENT WITNESSETH that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.

This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

EXECUTED by the Creditor as of the day and year first above written.

1982907 ALBERTA INC.

Per:  \_\_\_\_\_

Per: \_\_\_\_\_

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per:  \_\_\_\_\_

Per: \_\_\_\_\_

(seal)



**THIS IS EXHIBIT "A-14" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,  
in the Province of Alberta,  
the 21<sup>st</sup> day of June, 2019**

  
\_\_\_\_\_  
**A Commissioner for Oaths**

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**CENTRAL HALAL MEATS LTD.**  
(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**  
(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(herein called the "Borrower")

**WHEREAS** the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

**AND WHEREAS** in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

**AND WHEREAS** the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

**AND WHEREAS** it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

**NOW THIS AGREEMENT WITNESSETH** that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.

This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

EXECUTED by the Creditor as of the day and year first above written.

CENTRAL HALAL MEATS LTD.

Per: 

Per: \_\_\_\_\_

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_

(seal)

**THIS IS EXHIBIT "A-15" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
\_\_\_\_\_  
**A Commissioner for Oaths**

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**ZAHIR KARMALI and ALMAS KARMALI**  
(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**  
(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(herein called the "Borrower")

**WHEREAS** the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

**AND WHEREAS** in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

**AND WHEREAS** the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

**AND WHEREAS** it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

**NOW THIS AGREEMENT WITNESSETH** that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.

This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

**EXECUTED** by the Creditor as of the day and year first above written.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
ZAHIR KARMALI

\_\_\_\_\_  
Witness

\_\_\_\_\_  
ALMAS KARMALI

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_ (seal)

THIS IS EXHIBIT "A-16" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

A handwritten signature in black ink, appearing to read 'Terry Trojanoski', is written over a horizontal line.

A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## POSTPONEMENT OF CLAIM

THIS AGREEMENT made the 28 day February, 2017.

BETWEEN:

**GURJIT SINGH DHILLON**  
(herein individually and collectively called the "Creditor")

- and -

**HILLSBORO VENTURES INC.**  
(herein called the "Lender")

- and -

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(herein called the "Borrower")

WHEREAS the Borrower is or may become indebted to the Creditor or either of them (which present and future indebtedness is herein called "the said debt");

AND WHEREAS in the negotiation of a loan of \$3,000,000.00 (herein called "the said loan") made or to be made by the Lender in favour of the Borrower, the Creditor agreed to postpone the said debt to the Lender;

AND WHEREAS the Creditor agreed that the said debt, or any part thereof, shall not be used as part of the purchase price of any condominium units (a "unit") located on the lands municipally described as 2255 - 32<sup>nd</sup> Street NE, Calgary Alberta (the "lands");

AND WHEREAS it is and was a condition of the making of the said loan that the said debt be so postponed and that the Creditor agree that the said debt, or any part thereof, shall not be used as part of the purchase price of a unit.

NOW THIS AGREEMENT WITNESSETH that in consideration of the Lender making the said loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with the Lender that any claim of the Lender in respect of the said loan shall take precedence over and be fully paid in priority to the said debt, and repayment thereof is hereby expressly postponed in favour of the Lender and the Creditor does hereby postpone in favour of the Lender all its or his right, title and interest in any security in respect of the said debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to the Lender in respect of the said loan, demand payment, either in whole or in part, of the said debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the said debt. Any monies received by the Creditor in contravention hereof shall be received as Trustee for the Lender and shall be paid to the Lender upon its request. Further, the Creditor covenants, agrees and acknowledges that the said debt, or any part thereof, shall not be used towards the purchase price of a unit.

The Lender may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as the Lender may see fit, the whole without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this Agreement.



This Agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

The undersigned acknowledge and agree that a default hereunder shall be a default under the mortgage registered against the lands as instrument number 171 023 797, as amended,

**EXECUTED** by the Creditor as of the day and year first above written.

Witness

Gurjit Singh Dhillon  
GURJIT SINGH DHILLON

Witness

CONSENTED TO AND AGREED TO by the Borrower is acknowledged this 28 day of February, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: Burch

Per: \_\_\_\_\_

(seal)

**THIS IS EXHIBIT "B-1" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



CEANA DEVELOPMENT SUNRIDGE INC.  
Suite 101, 3115 - 12<sup>th</sup> Street SE  
Calgary, Alberta

July 5, 2017

Dear Bob,

Re: ADDITIONAL LOAN COMMITMENT - Mezzanine/2<sup>nd</sup> and/or 3<sup>rd</sup> position Mortgage (TBD) financing of up to an additional \$2,000,000.00 secured by land and improvements located at:

+/-45,000sq.ft (over 5 buildings) retail condo project kitty corner to Sunridge Mall, NE Calgary

Municipal Description:  
2255 - 32<sup>nd</sup> Street NE, Calgary, Alberta

Legal Description:  
Plan 9811891, Block 8, Lot 1

**COLLECTIVELY (the "Lands") - EXACT LEGAL DESCRIPTIONS TO BE CONFIRMED**

Further to our recent meetings, I wish to advise that Hillsboro Ventures Inc. (and or nominee(s)) is prepared to offer financing on the following terms:

Borrower: Ceana Development Sunridge Inc.

Corporate Guarantor(s): n/a

Personal Guarantor(s): Mr. Bob Gaidhar

Lender: Hillsboro Ventures Inc.

Principal Amount of Loan: Up to \$2,000,000.00\* - Mezzanine 2<sup>nd</sup> and/or 3<sup>rd</sup> position Mortgage as (gross) determined by Lender's solicitor (ie. if 2<sup>nd</sup> Mortgage then existing Hillsboro \$3,000,000.00 mortgage shall postpone to mortgage herein)

\*To be funded via an initial tranche/advance of \$1,300,000.00 (less deductions) with up to an additional \$700,000.00 available if further cost overruns and/or cash injection are required

Purpose: To assist with Borrower with additional subordinate funding requirement as per BTY inspection report AND as required by Chinook Credit Union 1<sup>st</sup> Mortgage PRIOR to their release of funds

Application Fee: \$6000 shall be deemed earned upon execution of this commitment and

A handwritten signature, possibly 'B', in dark ink.

A handwritten signature, possibly 'H', in dark ink.

payable to Hillsboro Ventures Inc. Said fee may be deducted from the initial advance herein or from an advance under the existing Hillsboro \$3MM mortgage

Interest Rate: 18% per annum shall commence upon Lender depositing and confirming funds held in trust with their solicitor

Effective Date: July 5, 2017

Term: 12 months with 9 months interest closed and prepaid to Lender on each tranche of funds advanced

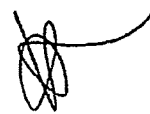
Lender Fee: 3% of principal loan amount shall be deducted from Lender's initial advance

Security:

1. 2nd Mortgage charge of \$2,000,000.00 to be registered on the Lands and all improvements, with existing Hillsboro mortgage postponing to the mortgage herein;
2. Promissory Note from the Borrower to the Lender;
3. Personal Guarantee of Mr. Bob Gaidhar;
4. Postponement of all shareholder loans and/or charges;
5. Postponement and standstill from all Limited Partners and/or Joint Venture partners;
6. 2<sup>nd</sup> position Assignment of rents and leases;
7. 2<sup>nd</sup> position General Security Agreement from the Borrower to the Lender;
8. 2<sup>nd</sup> position Specific Assignment of 100% net sales proceeds where upon partial discharges will be granted by the Lender provided 100% of the initial sale proceeds are paid to the 1<sup>st</sup> Mortgagee until payout;
9. Specific Assignment of all material plans, blueprints, contracts, and agreements on the lands, including but not limited to, City of Calgary Offsite Levi Agreements, Development Permits/Agreements, Building Permits, Construction Management Agreements, Leases, etc;
10. Borrower to sign a letter of authorization which grants authority to all stakeholders (contractors, trades, government bodies, etc.) to provide information to the Lender upon request;
11. Other security as may be reasonably required by the Lender or the Lender's solicitor;

Post Dated Cheques: N/A

B



Prepayment:

This loan may be paid in full at any time subject to a minimum interest earned provision of 9 months on each tranche of funds advanced by the Lender

Late Payments:

Late payments, including NSF or other returned cheques, will result in a \$500.00 administrative charge for each such occurrence

Disbursements:

Initial Advance:

\$1,300,000.00 less deductions of Prepaid Interest, Lender Fee and Legal Fees- in trust to the Borrower's solicitor upon such solicitor's confirmation that all security documentation has been executed and registered at the appropriate public offices

Additional Advances:

Up to an additional \$700,000.00 if cost overruns/further funding is required and upon certain conditions being met

Insurance:

The Borrower shall arrange for property and casualty insurance protection, including fire, course of construction and other perils suitable to the Lender, on the Lands showing loss payable to the Lender, as its interest may appear

Material Conditions  
Precedent:

In addition to the above cited security and related documentation, each of the following conditions precedent must be satisfied by the Borrower, in each case in form and substance satisfactory to the Lender and its counsel, prior to any advance being made, and the Lender may acknowledge in writing to the Borrower that each of such conditions precedent have been satisfied or waived:

1. Satisfactory review of updated project timeline and pro-forma;
2. Satisfactory review of updated unit listing including firm sales, conditional sales, and units still available;
3. Satisfactory review of project budget, QS report (BTY) and fixed price construction management agreement with Fast Track Commercial Inc.;
4. Satisfactory review of financial statements up to June 30, 2017;
5. Satisfactory review of Borrower's total project price list, along with confirmation of all pre-sales in place totaling not less than \$15,000,000.00;
6. Satisfactory confirmation of CWB balance and no default status;
7. Satisfactory review of Chinook Financial 1<sup>st</sup> Mortgage commitment;
  - a. Lender may require Security relating to Chinook Financial 1<sup>st</sup> mortgage being confirmed having been signed and submitted to Land Titles for



registration with lawyer reporting back to Chinook solicitor PRIOR to Lender instructing their solicitor to begin prep of security docs relating to this loan;

8. Borrower to provide copy of DP, BP and full set of construction blueprints;
9. Borrower to provide copy of Alpha Steel contract and initial payment along with all other material supply contracts entered into;
10. Lender requires the Borrower and/or a representative of the Borrower to meet with Lender's own project monitor/consultant on a bi-monthly basis, through until all mortgages funded by the Lender are paid in full, cost of which (\$2000/month) shall be to the account of the Borrower
11. A provision shall exist in the mortgage herein stating that default on any mortgage advanced to the Borrower shall trigger an immediate default of the subject mortgage herein;
12. Lender's final credit committee approval;
13. Site visit to be conducted by Lender and/or Lender's representative;

Conditions Precedent to be Satisfied by the Lender:

Each of the following conditions precedent must be satisfied or waived by the Lender, prior to the initial advance and each subsequent advance being made, and the Lender may acknowledge in writing to the Borrower if and when each of such conditions precedent have been so satisfied or waived:

1. Site visit by Lender, accompanied by the Borrower, to the Lands for the each advance, when necessary, cost of which shall be to the Borrower's account;
2. Approval of this Mortgage Lending Commitment by the Lender's Credit Committee

Legal Fees:

All legal fees (on a solicitor and his own client basis) and disbursements associated with this mortgage lending commitment, including the initial documentation, matters which may arise during the term of the loan and the payout of the loan, are the sole responsibility of the Borrower and may be deducted from the loan proceeds. All fees and costs associated with the discharge of any security are also to the Borrower's account. The Lender and/or Lender's solicitor may require an up front legal retainer to begin security preparation. The cost of title insurance if utilized will also be to the account of the Borrower

Payment of costs:

Any costs associated with this Mortgage Lending Commitment which the Borrower may incur or be liable for, including interest, stand by

B 

fees, application fees, lender fees and legal fees and disbursements, shall be a charge against the Lands and shall bear interest at the interest rate described herein from initial date of advance until they have been paid in full and may be deducted from mortgage proceeds. The Borrower hereby mortgages and charges all of its estate and interest in the Lands to secure the aforementioned costs

**Caveat:**

It is also understood that Hillsboro Ventures Inc. and/or nominee may register a caveat against the Lands to more fully secure the payment of costs and right of first refusal relative to this mortgage lending commitment

**Material Change or Omission:**

Lender may refuse to fund additional advances, if at any time and at its sole discretion, if the Lender learns of any material omissions made by the Borrower and/or material changes in the market conditions

**Termination of this Mortgage Lending Commitment:**

In the event that the conditions precedent to be satisfied by the Lender have been satisfied or waived by the Lender and in the further event that the conditions precedent to be satisfied by the Borrower have not been satisfied by the Borrower or the Borrower fails to draw down the Loan Advance by August 31, 2017, then the Lender may terminate this Mortgage Lending Commitment and if it does so, it shall have no further obligation to the Borrower to advance all or any portion of the Mortgage Loan Amount

**Not Assignable:**

This mortgage lending commitment and all the benefits derived there from are neither assignable nor transferable by the Borrower

**Advertisement:**

Lender and/or Broker is authorized to advertise their involvement in this project by various means including, but not limited to, worldwide web, signage on property, newspaper ads, magazines ads, and internally prepared print material.

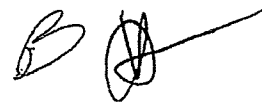
**OFFER EXPIRY:**

This mortgage lending commitment is open for acceptance by the Borrower

Until July 5, 2017 at 6pm MTN time. Once accepted, this agreement is binding on the Borrower

**Consent:**

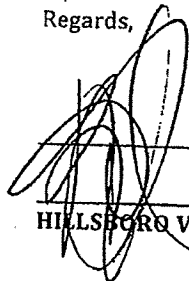
In connection with this mortgage lending commitment, the Borrower has and will continue to provide information including, but not limited to, confidential financial information of the Borrower and other persons, such as guarantors, to both Liberty Mortgage Corp. (the "Broker") and the Lender for the purposes of enabling the Broker and the Lender to make decisions as the creditworthiness of the Borrower, of enabling the Lender to determine its willingness to advance the loan to the Borrower and, if the Lender determines to proceed to make the loan, documenting and securing the loan to its satisfaction. Further, the Broker and the Lender may collect information from third parties other than the Borrower, such as credit bureaus, banks and other sources of credit information, to accomplish the above purposes and



the Borrower hereby specifically authorizes the Broker and the Lender to obtain such information from such third parties. The Borrower acknowledges that in order to accomplish the aforesaid purposes, the Broker and the Lender may collect, use and disclose all such information to other third parties including, but not limited to, other brokers, agents and consultants, other potential Lenders and co-Lenders and professional advisors such as lawyers, accountants, real estate professionals, etc, who the Broker and Lender may engage for advice in respect of the above purposes. The Borrower hereby consents to the collection, use and disclosure of such information by the Broker, the Lender and such other third parties to accomplish the aforesaid purposes.

We trust you will find this letter of commitment is in accordance with your requirements and look forward to assisting you with this financing.

Regards,


  
\_\_\_\_\_  
DIRECTOR  
HILLSBORO VENTURES INC.

#### ACCEPTANCE

The terms of this mortgage lending commitment of funds are hereby acknowledged and agreed to.

Dated at Calgary, Alberta, Canada, on the 6 day of July, 2017

Borrower: Ceana Development Sunridge Inc.

Per:   
Name

\_\_\_\_\_  
Witness

Per: \_\_\_\_\_  
Name

\_\_\_\_\_  
Witness

Personal Guarantor(s): Bob Gaidhar

Per:   
Bob Gaidhar

\_\_\_\_\_  
Witness

Dunkley Law Office.  
Khalil Hagi . ph 403 207 4662.  
Email khalil@khlawgroup.com.





THIS IS EXHIBIT "B-2" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## LAND TITLES ACT

### MORTGAGE

CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter referred to as the "Mortgagor") being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

PLAN 9811891  
BLOCK 8  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS

(which together with the buildings, improvements and fixtures thereon are hereinafter referred to as the "Land");

IN CONSIDERATION of the sum of \$2,000,000.00 of lawful money of Canada, being the principal sum lent to the Mortgagor by HILLSBORO VENTURES INC., having an office at 927 7A Street N.W. Calgary, T2M 3J4, (hereinafter referred to as the "Mortgagee") the receipt of which sum the Mortgagor does hereby acknowledge, HEREBY COVENANTS WITH the Mortgagee as follows:

#### PAYMENTS

1. The Mortgagor promises to pay to the Mortgagee in lawful money of Canada, the principal sum lent as aforesaid as follows:

From and including July 5, 2017, interest at 18.0% per annum, calculated monthly not in advance, as well after as before maturity, default and judgment, on the principal monies remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment (which interest rate is sometimes hereinafter referred to as the "Mortgage Rate" and computed from and including July 5, 2017 which interest shall become due and be paid in monthly instalments commencing on August 1, 2017 and on the first day of each and every month thereafter.

The principal sum of the advance(s) and all other outstanding sums shall become due and be paid in full on July 5, 2018.

#### STANDBY FEE

2. Intentionally Deleted.

#### OVERDUE INTEREST

3. The Mortgagor will pay to the Mortgagee interest and standby fee as aforesaid in the manner aforesaid, and all interest and standby fee on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Mortgage Rate as well after as before maturity of this mortgage, both before and after default, and both before and after judgment under this mortgage until paid, and shall be payable at the times, in the manner, and at the place hereinbefore provided for payment of interest, and all such interest and compound interest shall be a charge on the Land. In the event of nonpayment of any of the moneys hereby secured at the times herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, including after judgment, pay interest at the Mortgage Rate from day to day on the same.

#### AMENDMENTS

4. In the event the monies advanced hereunder are not advanced by the date expected by the Mortgagee then the Mortgagee may, at its sole option, amend any or all of the Date for Adjustment of Interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

### RENEWALS

5. In the event that the Mortgagee shall agree to renew or extend the term of this mortgage, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). In the event the Mortgagor herein is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this mortgage as renewed or extended.

### PREPAYMENT

6. The Mortgagor, when not in default hereunder, may prepay the principal in whole or in part at any time after 10 days written notice, without bonus or penalty provided that the Mortgagee has received a minimum of 9 months' interest under this mortgage.

### TAXES

7. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes"):

- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
- (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest and principal due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
- (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
- (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee

in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the principal moneys hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land;
- (i) the Mortgagor shall if requested by the Mortgagee, enroll in the taxing authority's tax instalment payment plan.

#### INSURANCE

8. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with extended coverage and replacement cost endorsements and in such amounts, all as the Mortgagee may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies

acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.

- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefore.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.
- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

#### PAYMENT METHOD

9. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the instalments of principal and interest and/or the

Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-juridical day on or after receipt thereof, shall be credited to the mortgage account on the next juridical day thereafter.

### CONSTRUCTION

10. In the event that this mortgage is a building or construction mortgage, the Mortgagor agrees that:

- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
- (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
- (c) it will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
- (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may see fit, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys;
- (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
- (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* of Alberta; provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

### CONDOMINIUM

11. In the event the Land is or becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the condominium corporation from time to time in force, and will ensure that the condominium corporation complies with the insurance provisions in the said Act.
- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the condominium corporation in respect of the unit(s) charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall

entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the condominium corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.

- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the condominium corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the condominium corporation, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the condominium corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five days prior to each and every general meeting of the condominium corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the condominium corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the condominium corporation as the Mortgagor may from time to time receive notwithstanding the foregoing the Mortgagor shall ensure that the Mortgagee has notice of any meeting which will consider the termination of the condominium corporation or an amendment to the by-laws.
- (g) The Mortgagor does hereby irrevocably assign unto the Mortgagee any lease or rights to occupy any parking space or spaces demised to or reserved or designated for exclusive use by the Mortgagor and any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.
- (h) 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 paid by it and such distraint shall not result in the Mortgagee being a mortgagee in possession.
- (i) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever. The Mortgagor agrees not to sell or transfer condominium units while the blanket mortgage is registered and any such transaction shall be deemed a breach of covenant unless and until the Mortgagee has consented thereto. This prohibition does not apply if there is a specific partial prepayment clause contained elsewhere herein.

#### RESTRICTION ON TRANSFER

12. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

### ADVANCES

13. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said principal sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the principal sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

### SUBROGATION

14. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

### WASTE

15. All erections and improvements fixed or otherwise now on or hereafter put upon the Land, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilation, lighting and water heating equipment, built-in cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, and if part of the Land consists of an apartment building all stoves, refrigerators, clothes washers and dryers, garburators and dishwashers, located in the apartment building and owned by the Mortgagor, are and shall, in addition to all other fixtures thereon, be and become and shall be deemed to be fixtures and form part of the realty and of the security and are included in the expression the "Land"; and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, repair, maintain, restore, amend, keep, make good, finish, add to and put in order the same.

### ALTERATIONS

16. The Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

### INSPECTIONS

17. The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Land to inspect the Land and buildings thereon.

### PLACE OF PAYMENT

18. All moneys whether principal, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

### CROSS-DEFAULT

19. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, security agreements, assignments of rentals, assignments of leases or any other securities (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or any other loan between the Mortgagee and Mortgagor or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. Default under this mortgage shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so



pursued merging therewith or with any action or judgment with respect thereto. For avoidance of doubt, a default hereunder shall be deemed a default under the Mortgage registered as 171 023 797 and a default under that Mortgage shall be deemed a default hereunder.

#### SUBSTITUTE MORTGAGE

20. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

#### RELEASE OF SECURITY

21. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

#### WAIVER

22. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

#### USE OF MONEY

23. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

#### LIABILITY OF MORTGAGOR

24. Notwithstanding any sale or other dealings by the Mortgagor with the Land, or any part thereof, the Mortgagor together with any other party who is or becomes liable under this mortgage, shall continue to be liable under this mortgage until all monies secured by this mortgage have been repaid in full notwithstanding the assumption of the mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor, and notwithstanding any amendment, modification, renewal or extension of this mortgage (including, without restriction, any increase or decrease in the interest rate, amortization period, monthly payments or term of this mortgage) which takes place after such sale or an assumption has occurred with or without the consent of the Mortgagor or any other party.

#### ATTORNMEN

25. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted

between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

### RECORDS

26. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within thirty days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

### ASSIGNMENT OF LEASES AND RENTS

27. If the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases already in existence, and those to be created in the future, including any guarantees in respect thereof, and all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:

- (a) whenever the Mortgagor is in default under any of the provisions of this mortgage, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
- (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
- (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
- (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
- (e) the Mortgagee shall under no circumstances become a mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and subject to all deductions and payments made out of the rentals received from the Land as herein provided;
- (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;
- (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until further default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time such default occurs;
- (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;

- (i) the Mortgagor shall not hereafter collect more than two months rental in advance;
- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them;
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### RECEIVER

28. It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this mortgage, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
- (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
- (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
- (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent or attorney of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
- (f) the appointment of every such receiver by the Mortgagee shall not incur or create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;
- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;

- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges the Mortgagee and every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by the Mortgagee or any such receiver under the provisions of this clause, unless such claim be the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

#### INSOLVENCY

29. If the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* of Canada, or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant and default herein.

#### RIGHTS OF MORTGAGEE

30. The Mortgagor further covenants and agrees with the Mortgagee that in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;

- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled, without notice (except such as may be required by law and which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notice of intention to file a certificate in respect of the power of attorney) to sell and dispose of the Land (by public auction and/or private contract) with or without entering into possession of the same; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor; (any notice required to be given may be delivered to either the Land, the Mortgagor's residence or place of business, or the last known address of the Mortgagor);
- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may, except as specifically provided, exercise each of the foregoing powers without notice to the Mortgagor.

ATTORNEY

31. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the Land in accordance with the provisions of this mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

JUDGMENT

32. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

EXPENSES

33. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:

- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage and any collateral security hereto a charge subject only to the prior encumbrances acceptable to the Mortgagee;
- (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
- (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
- (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
- (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
- (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
- (g) all sums paid to a receiver of the Land;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
- (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any default hereunder or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys and are included in the principal secured hereby.

#### COVENANTS

34. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:

- (a) has a good title to the Land;
- (b) has the right to mortgage the Land;
- (c) on default the Mortgagee shall have quiet possession of the Land, free from all encumbrances except for such encumbrances as are now registered on the title;
- (d) will execute such further assurances of the Land as may be requisite;
- (e) has done no act to encumber the Land except for such encumbrances as are now registered on the title.

#### EXPROPRIATION

35. The Mortgagor hereby assigns to the Mortgagee, any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Land, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

#### PRIOR MORTGAGES

36. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any prior mortgages, agreements for sale or other charges (hereinafter called the "prior mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of other moneys payable hereunder.

**SEVERABILITY**

37. In the event any clause or part of a clause herein is invalid or unenforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

**SUCCESSORS AND ASSIGNS**

38. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

**DISCHARGE**

39. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

**LAW**

40. This mortgage is made pursuant to the Land Titles Act of Alberta and any amendments thereto and shall be construed in accordance with the laws of the Province of Alberta.

**CHARGE**

41. For the better securing to the Mortgagee the repayment in the manner aforesaid of the principal sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land.

**INTEREST**

42. It is the intent of the parties hereto that the interest rate not exceed the maximum interest rate permitted under the laws of Canada and of the Province of Alberta and if the interest rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the interest rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and the Province of Alberta and this mortgage shall automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

**COMMITMENT LETTER**

43. The parties agree that the accepted terms and conditions of the Mortgagee's commitment letter dated July 5, 2017, as amended, shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the commitment letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this mortgage and the said commitment letter as amended, then this mortgage shall take precedence. There will be no conflict if the terms and conditions of the said commitment letter should enlarge or clarify the terms and conditions of this mortgage.

**HAZARDOUS SUBSTANCES**

44. (a) The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (i) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;



- (ii) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (iii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (iv) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
  - (A) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (B) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
- (v) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
  - (A) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
  - (B) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.
- (b) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
  - (i) radioactive materials;
  - (ii) explosives;
  - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
  - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
    - (A) endangers the health, safety or welfare of persons or the health of animal life;
    - (B) interferes with normal enjoyment of life or property; or
    - (C) causes damage to plant life or to property;
  - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
  - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands.
- (c) The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees, agents and shareholders and its successors and assigns from and against any and all

losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:

- (i) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
- (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (iii) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the mortgage or any collateral security and the full repayment of the mortgage monies.

#### DUE ON SALE

45. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed or otherwise similarly disposed of to a party not approved of in writing by the Mortgagee, or if the Mortgagor enters into an agreement to effect any of the foregoing to such an unapproved party whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the corporation shall constitute such a disposition); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial discharge clause contained elsewhere herein shall not be subject to the terms hereof.

#### SUBSEQUENT FINANCING

46. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

#### RE-ADVANCES

47. It is the intention of the Mortgagor and Mortgagee that the Mortgagee may wish to make advances and re-advances to the Mortgagor up to an aggregate outstanding balance at any time of the principal sum lent as set out aforesaid. Accordingly, this mortgage shall be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in the *Land Titles Act* of Alberta. This mortgage is and shall be a continuing security to the Mortgagee for the repayment of all present and future amounts owing in respect of the principal sum lent. Any portion of the principal may be advanced or re-advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and be repayable with interest as aforesaid and this mortgage shall be deemed

to be taken as security for the ultimate balance of the monies hereby secured, but none of the execution and the registration of this mortgage and the advance in part of any monies by the Mortgagee shall bind the Mortgagee to advance any unadvanced portion thereof. This mortgage shall not be void if the principal sum secured hereby has been repaid in full, if such ability to borrow continues to be available to the Mortgagor. This mortgage shall be void only when the principal sum secured hereby has been repaid in full and the Mortgagee gives written notice to the Mortgagor that the Mortgagor will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage is deemed to be a revolving line of credit mortgage there shall be no right of prepayment except as provided, if at all, elsewhere in this mortgage.

#### BENEFIT OF EASEMENTS

48. As additional security for all of the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any all easements, restrictive covenants, rights of way, party wall agreements, encroachment agreements and plus 15 agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenant) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagee. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

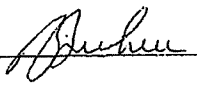
#### GENERAL

49. The Mortgagor agrees with the Mortgagee as follows:

- (a) to comply with the terms and conditions of the commitment letter or mortgage approval and this mortgage at all times;
- (b) to maintain adequate insurance coverage as outlined in the commitment letter or mortgage approval as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
- (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
- (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;
- (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time.

IN WITNESS WHEREOF the Mortgagor has duly executed these presents on the 28 day of July, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_

**THIS IS EXHIBIT "B-3" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## ASSIGNMENT OF LEASES

THIS ASSIGNMENT made this 28 day of July, 2017.

BETWEEN:

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the repayment of the sum of \$2,000,000.00 with interest thereon as in the said Mortgage provided;

AND WHEREAS there may have been, or may be, constructed a building or buildings on the said lands (hereinafter collectively and individually called the "building");

AND WHEREAS the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses to use or occupy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

AND WHEREAS it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DOETH HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.
3. That it will not, except in accordance with accepted real estate management practice, alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.
4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.

5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.
6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.


The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.

**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: \_\_\_\_\_ 

Per: \_\_\_\_\_



**THIS IS EXHIBIT "B-4" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## ASSIGNMENT OF RENTS

THIS ASSIGNMENT made this 28 day of July, 2017.

BETWEEN:

CEANA DEVELOPMENT SUNRIDGE INC.  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

HILLSBORO VENTURES INC.  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

PLAN 9811891  
BLOCK 8  
LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

(hereinafter called the "lands")

to secure the sum of \$2,000,000.00 with interest as in the said Mortgage provided;

AND WHEREAS there may have been, or may be, constructed a building or buildings on the said lands (hereinafter individually or collectively called the "building");

AND WHEREAS the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

AND WHEREAS the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and other monies reserved and payable and to become payable under or in respect of the said Leases, and all

other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the lands (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the lands and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

THE ASSIGNOR covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

THE ASSIGNOR covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

THE ASSIGNOR shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

IF THE ASSIGNOR defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

NO WAIVER by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

THE ASSIGNOR shall not dispose of the said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the

case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

IN WITNESS WHEREOF this assignment has been duly executed and delivered as of the day and year first above written.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: \_\_\_\_\_



Per: \_\_\_\_\_

THIS IS EXHIBIT "B-5" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## SECURITY AGREEMENT

WHEREAS HILLSBORO VENTURES INC. (the "Secured Party") has advanced or will be presently advancing to CEANA DEVELOPMENT SUNRIDGE INC. (the "Debtor") by way of loan the sum of \$2,000,000.00, or any portion thereof, with interest thereon pursuant to the terms of and secured by a mortgage of the lands hereinafter described in Schedule "A" hereto (the "Mortgage of Land");

AND WHEREAS in the commitment for the said loan it was a requirement of the loan that the Debtor grant this Security Agreement to the Secured Party as additional security for the repayment of the said sum and interest;

NOW THEREFORE THIS AGREEMENT WITNESSETH that:

### 1. SECURITY INTEREST

- (a) For value received the Debtor, hereby grants to the Secured Party, a security interest ("Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in 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 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 in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:
  - (i) all inventory of whatever kind and wherever situate;
  - (ii) 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;
  - (iii) 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 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");
  - (iv) 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;
  - (v) all contractual rights and insurance claims;
  - (vi) 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").
- (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) Unless otherwise limited herein the terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Security", "Investment Property", "proceeds", "accession", "Money", "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 of Alberta, as amended from time to time, 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" or "inventory" of Debtor as those terms are defined in the P.P.S.A. 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 by Debtor to the Secured Party secures payment and performance of any and all obligations, indebtedness and liability of Debtor to the Secured Party (including interest thereon at the rate and in the manner set out in the Mortgage of Land from time to time) under the Mortgage of Land, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased and whether Debtor be bound alone or with another or others (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 the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

- (a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances") save for the Security Interest and those Encumbrances shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party, prior to their creation or assumption;
- (b) Debtor is authorized to enter into this Security Agreement;
- (c) each debt, Chattel Paper and Instrument constituting proceeds of Goods is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor").

## 4. COVENANTS OF DEBTOR

The Debtor covenants and agrees:

- (a) to defend Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party and, in any event, to deposit with the Secured Party all Money received from any disposition of Collateral;
- (b) to notify the Secured Party promptly of:
  - (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 of or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and
  - (vi) the return to or repossession by debtor of Collateral;
- (c) to keep the 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;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party 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 the Goods for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent Collateral 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 a proper and efficient manner and so as to protect and preserve the 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 the Secured Party's request so as to indicate the Security Interest; and
- (i) to deliver to the Secured Party from time to time promptly upon request:
- (i) any Documents of Title, Instruments, Securities, Investment Property and Chattel Paper 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, the Debtor and Debtor's business and affairs as the Secured Party may reasonably request.

##### 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and the clause titled "Collection of Debts", 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 the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner

the Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party 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 or other Investment Property, Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party 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 or other Investment Property. After default, Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to Debtor or its order as aforesaid shall thereafter be effective.

#### 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Secured Party 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 the Secured Party. 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 the Secured Party and shall be turned over to the Secured Party upon request.

#### 8. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Secured Party 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 the Secured Party deems best or, at the option of the Secured Party, be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

#### 9. EVENTS OF DEFAULT

The happening of any one 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 the Secured Party, including without limitation the Mortgage of Land;
- (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 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 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, makes or agrees to make a bulk sale of assets without complying with applicable law 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; or
- (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 the Secured Party 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 the Secured Party at or prior to the time of such execution.

#### 10. ACCELERATION

Secured Party, in its sole discretion, may declare all or any part of the 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 the Secured Party 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 the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

#### 11. REMEDIES

- (a) Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party 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 and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, 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 or otherwise dispose of or concur in selling, leasing 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 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 the Secured Party, all Money received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.
- (b) Upon default, the Secured Party 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) Secured Party 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, the Secured Party may sell, lease 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 the Secured Party may seem reasonable.

- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Secured Party and in addition to any other rights the Secured Party may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.
- (e) Debtor acknowledges that the Secured Party 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 the Secured Party 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 reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, 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 the Secured Party 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) Secured Party 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.

## 12. MISCELLANEOUS

- (a) Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements 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 the Secured Party 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 Secured Party or a Manager or Acting Manager from time to time of the Secured Party 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 the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- (c) Upon Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expenses incurred by the Secured

Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of interest as set out in the Mortgage of Land from time to time.

- (d) Secured Party 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 the Secured Party may see fit without prejudice to the liability of Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either Debtor's or the Secured Party's name, at the Secured Party'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 the Secured Party 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, the Secured Party 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 the Secured Party 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 the Secured Party on which Debtor is in any way liable and, subject to the terms under the P.P.S.A., notice of any other action taken by the Secured Party.
- (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 the Secured Party. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.
- (h) 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.
- (i) 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 the Secured Party, if delivered to it or sent by prepaid registered mail addressed to it at its address where payments are being, or are to be, made 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 the Secured Party. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) 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 the Secured Party and is intended to remain in full force and effect until the Indebtedness is repaid and the obligations of the Debtor to the Secured Party performed notwithstanding that the Indebtedness is reduced from time to time and thereafter increased or entirely extinguished, or the Debtor by instrument in writing attempts to terminate this agreement.
- (k) 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.

- (l) 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 the grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (m) In the event any provision 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.
- (n) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Secured Party.
- (p) 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 the Secured Party at the time of amalgamation and any "Indebtedness" of the amalgamated company to the Secured Party 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) This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province of Alberta as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

13. COPY OF AGREEMENT

- (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
- (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by the Secured Party, or of any verification statement with respect to any financing statement registered by the Secured Party.

14. NAME OF DEBTOR

Debtor represents and warrants that the name of the Debtor as set out herein is accurate.

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 28 of July, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**SCHEDULE "A"**

**LANDS**

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**SCHEDULE "B"**

**ENCUMBRANCES**

**Nil**

**THIS IS EXHIBIT "B-6" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



## ASSIGNMENT OF PROJECT AGREEMENTS

THIS ASSIGNMENT made effective the 28 day of July, 2017.

BETWEEN:

CEANA DEVELOPMENT SUNRIDGE INC.  
(hereinafter called the "Borrower")

OF THE FIRST PART

- and -

HILLSBORO VENTURES INC.  
(hereinafter called the "Lender")

OF THE SECOND PART

**WHEREAS:**

- A. The Borrower has applied to the Lender for a loan in the maximum amount of \$2,000,000.00 (the "Loan Amount") all as more particularly described in a commitment letter dated July 5, 2017 (the "Commitment") issued by the Lender to the Borrower and accepted by the Borrower.
- B. As security for the Loan Amount, interest thereon, commitment fees, funding fees, and all other fees, costs, expenses, charges and other amounts due by the Borrower which are described in the Commitment, the Borrower has issued a Mortgage in favour of the Lender in the principal amount of \$2,000,000.00 (hereinafter called the "Mortgage") which charges the lands owned by the Borrower described in Schedule "A" hereto, which lands and all buildings at any time situate thereon during the existence of the Mortgage are hereinafter referred to as the "Mortgaged Premises".
- C. The Borrower intends to develop a project on the Mortgaged Premises (hereinafter called the "Project").
- D. As a condition precedent to advances of the Loan, the Borrower has agreed to assign to the Lender as additional collateral security the following:
  - (a) the benefits of all development, zoning, land use and building permissions, exceptions and authorizations;
  - (b) all designs, diagrams, engineering certificates, surveys, drawings, plans and specifications;
  - (c) all performance bonds, maintenance bonds and labour and material payment bonds relating to the Project;the above being collectively called the "Collateral" and;
  - (d) all contracts and agreements relating to the development and construction of the Project including, but not limited to:
    - (i) any development agreements;

- (ii) professional, construction and sub-trade contracts;
- (iii) all warranties, guarantees and indemnities of subtrades, suppliers and manufacturers in respect of work and materials done and supplied in respect of the construction or repair of the Mortgaged Premises and other improvements on the Mortgaged Premises; and
- (iv) all subsisting permits, licenses, service contracts, utility contracts and other contracts affecting the Mortgaged Premises;
- (e) all the Borrower's rights under and by virtue of all offers to purchase the Mortgaged Premises, the Project and/or any or all of the condominium units;
- (f) all monies payable under sub-clause (e) including, but not limited to:
  - (i) non-refundable deposits of purchaser's held with respect thereto;
  - (ii) purchaser G.S.T. rebates;
  - (iii) condominium holdbacks on unit sales pursuant to the Condominium Property Act of Alberta;
- (g) any mortgages granted or assigned to the Borrower by purchasers of condominium units;
- (h) the proceeds from sub-clauses (f) and (g) above;

sub-clauses (d) to (h) inclusive are collectively called the "Contracts", and the parties thereto, other than the Borrower, are collectively called the "Contractor".

**NOW, THEREFORE, THIS ASSIGNMENT WITNESSES:**

1. In consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Borrower covenants, declares and agrees with the Lender as follows:
  - (a) That the Borrower hereby assigns, transfers and sets over unto the Lender all of its right, title and interest in and to the Collateral and the Contracts including, without limitation, the benefit of all representations, warranties, conditions, terms and covenants made or contained in the Collateral and the Contracts or implied or expressed by law in relation thereto; and irrevocably appoints the Lender as its attorney and agent with full power and authority to execute all necessary documents in connection with the Collateral and the Contracts and to enforce performance of such conditions, terms and covenants and to demand, sue for and collect damages in connection with any misrepresentation, failure of warranty, or breach of any such condition, term or covenant in the name of and as agent for the Borrower; or in the name of the Lender; to have and to hold unto the Lender until all monies owing and all obligations of the Borrower under the Mortgage have been fully paid and fulfilled;
  - (b) That although it is intended by the Borrower and the Lender that this shall be a present assignment the Lender shall not be entitled, until there shall be default under the Mortgage or under the terms hereof, to exercise the rights assigned to it hereunder or to enforce or sue in respect of any representation, warranty, condition, term or covenant under the Collateral or the Contracts and the other parties thereto shall be entitled to deal with the

Borrower until receipt of written notice from the Lender stating that they should no longer deal with the Borrower;

- (c) That notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of any security this Assignment shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and all obligations of the Borrower under the Mortgage have been satisfied;
- (d) That the Borrower shall be permitted to enjoy the benefits of the Collateral and the Contracts unless and until default shall be made in the payment of any monies secured by the Mortgage or in the keeping or observance or performance of any covenant, proviso or condition contained herein or in the Mortgage and in the case of such default the Lender or its agent may but shall not be bound to give written notice to the other parties to the Collateral and the Contracts requiring them to deal directly with the Lender, and the Borrower covenants and agrees, at the request of the Lender, to join with the Lender in such notice and hereby irrevocably appoints the Lender as its attorney to join the Borrower in such notice;
- (e) That the Lender may waive any default or breach of covenant and shall not be bound to exercise its rights hereunder or to serve any notice upon any other party hereto upon the happening of any default or breach of covenant but any such waiver shall not extend to any subsequent default or breach of covenant;
- (f) That nothing herein contained shall be deemed to have the effect of making the Lender responsible for the performance of any of the covenants, provisions, stipulations, terms or conditions under the Collateral or the Contracts or oblige it to exercise the rights assigned to it hereunder and that the Lender shall not by virtue of these presents be deemed to be a mortgagee in possession of the Mortgaged Premises and the Lender shall not be under any obligation to take any action or exercise any remedy to enforce the performance of the obligations and liabilities under or in respect of the Collateral or the Contracts of the other parties thereto;
- (g) That the Borrower shall not, without the consent in writing of the Lender:
  - (i) assign, pledge, or hypothecate the Collateral or the Contracts other than to the Lender and shall not do or omit to do or permit any act to be done which either directly or indirectly has the effect of waiving, releasing, reducing or abating any rights, remedies or obligations of any party thereunder or in connection therewith;
  - (ii) terminate, accept a surrender of, or agree to any modification or amendment to any of the Collateral or any of the Contracts which would materially adversely change the obligations of the Borrower thereunder;
- (h) That the Borrower hereby agrees to execute such further assurances as may be reasonably required by the Lender from time to time to perfect this Assignment;
- (i) That this Assignment is taken by way of additional security only, and neither the taking of this Assignment nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Lender or the obligations of the Borrower under the Mortgage or any security collateral thereto;

- (j) That the rights and remedies given to the Lender hereunder shall be in addition to and not in substitution for and shall not in any way derogate from or delay or prejudice any rights or remedies to which the Lender may be entitled under the Mortgage or any security collateral thereto or by law;
  - (k) That such of the Collateral and the Contracts as are now in existence are in full force and effect;
  - (l) That to the best of the Borrower's knowledge, there is currently no default by any party to the Collateral or the Contracts under any term, condition or covenant required to be performed by it under such of the Collateral and the Contracts as are now in existence;
  - (m) That the Borrower has to date observed and performed all of its obligations under such of the Collateral and the Contracts as are now in existence and will continue hereafter to observe and perform all of its obligations under the Collateral and the Contracts;
  - (n) That the Borrower now has a good right, full power and absolute authority to assign the Collateral and the Contracts and the benefits thereof in the manner aforesaid according to the true intent and meaning of this Assignment.
2. Any notice, request, demand, consent, approval or other communication ("Notice") which a party is required or may desire to give to another party hereunder shall be in writing and shall be given by personal delivery or transmitted by facsimile, telex or other telegraphic or electronic communication which results in a written or printed notice being given, addressed as follows (or addressed to such other address as may be the subject of a Notice delivered hereunder):

If to the Borrower:

**CEANA DEVELOPMENT SUNRIDGE INC.**

#20, 1915 - 32<sup>nd</sup> Avenue N.E.  
Calgary, AB T2E 7C8

Fax: \_\_\_\_\_

If to the Lender:

**HILLSBORO VENTURES INC.**

927-7A Street N.W.  
Calgary, T2M 3J4

Fax: 403-770-8400

Any Notice given in connection with this Assignment, if delivered, shall be deemed to have been given on the day of delivery. Any Notice sent by facsimile, telex or other telegraphic or electronic communication shall be deemed to have been given on the business day next following the date of transmission.

IT IS AGREED that the expressions the "Borrower" and the "Lender" wherever used in these presents shall include and this Assignment shall be binding upon and enure to the benefit of the successors and assigns of the Borrower and the Lender respectively. Wherever the singular or masculine is used throughout this Assignment the same shall be construed as meaning the plural or the feminine or body corporate or politic wherever the context or the parties hereto so require.

IN WITNESS WHEREOF this Indenture has been executed the day and year first above written.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_  
(corporate seal)

**SCHEDULE "A"**

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**THIS IS EXHIBIT "B-7" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

**in and for the Province of Alberta**

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## GUARANTEE OF MORTGAGE

WHEREAS CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter called the "Mortgagor" or the "Borrower") has applied to HILLSBORO VENTURES INC. (hereinafter called the "Mortgagee") for a loan of \$2,000,000.00 and has executed and delivered to the Mortgagee a mortgage of the land hereinafter described, dated the 28 day of July, 2017 (hereinafter called the "Mortgage") as security for the repayment of the said loan and interest thereon, the said land being described as follows, that is to say:

PLAN 9811891

BLOCK 8

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND WHEREAS BAHADUR GAIDHAR (hereinafter called the "Guarantor") has/have jointly and severally agreed to execute these presents in consideration of the advance of \$2,000,000.00 or any part thereof, by the Mortgagee to the Borrower, and in consideration of the sum of ONE DOLLAR (\$1.00), receipt and sufficiency whereof is acknowledged hereby.

NOW THEREFORE the Guarantor jointly and severally covenants and agrees to and with the Mortgagee as follows:

1. The Guarantor unconditionally, absolutely and irrevocably guarantees to the said Mortgagee the due performance and observance of all covenants, conditions, stipulations, indemnities and provisos contained in the Mortgage and any renewals thereof, and the due repayment of the said principal sum, interest, costs and charges at the times and in the manner set out in the Mortgage and any renewals thereof, notwithstanding that the covenant to pay of the Borrower as contained in the Mortgage may become unenforceable according to law.
2. As between the Mortgagee and the Guarantor, the Guarantor is and shall continue to be liable as principal debtor under all the covenants contained in the Mortgage including any modifications, variations, renewals or extensions thereof, notwithstanding any transaction which may take place between the Mortgagee and the Borrower or any neglect or default of the Mortgagee which might otherwise operate as a discharge whether partial or absolute of the Guarantor if it were surety only of the Borrower, and without restricting the generality of the foregoing, notwithstanding the releasing in whole or in part of the properties and assets mortgaged or charged, or of the granting of time or other indulgence to the Borrower. The Mortgagee shall not require the consent of the Guarantor when making the aforesaid modifications, variations, renewals or extensions.
3. The Mortgagee in its absolute discretion or in the absolute discretion of any officer or agent, and without diminishing the liability of the Guarantor may grant time or other indulgence to the Borrower and any other person or persons now or hereafter liable to the Mortgagee in respect of the said principal monies and interest and may give up, modify, vary, exchange, renew or abstain from perfecting or taking any security or the advantage of any security or securities in whole or in part and may discharge any part or parts or accept any composition, or arrangements or realize any security or securities when and in such manner as the Mortgagee or any officer thereof may think expedient and in no case shall the Mortgagee be responsible for any neglect or omission with respect to such security or securities or the taking thereof. The Guarantor renounces all benefits of discussion and division. Any account settled or stated by or between the Mortgagee and the Borrower or admitted by or on behalf of the Borrower may be adduced by the Mortgagee and shall in that case be accepted by the Guarantor as conclusive evidence that the balance or amount thereof thereby appearing is due by the Borrower to the Mortgagee.



4. The Guarantor will not at any time claim to be subrogated in any manner to the position of the Mortgagee and will not claim the benefit of any security at any time held by the Mortgagee, provided however, that in the event of the Guarantor paying to the Mortgagee all the monies remaining unpaid then such Guarantor shall be entitled on demand made by them in writing to the Mortgagee to be subrogated and to the assignment of such security (excepting in any event any environmental indemnity) remaining in the Mortgagee at the time such notice is received by it.
5. The Mortgagee shall not be bound to exhaust its recourse against the Borrower or other parties or securities it may hold, or any of them before requiring payment of the Guarantor, and the Mortgagee may enforce the various remedies available to it and may realize upon the various securities or any part thereof in such order as the Mortgagee may determine.
6. This Guarantee shall be a continuing guarantee and shall apply to and secure any ultimate balance due and remaining unpaid to the Mortgagee by the Borrower even if, without the consent of the Guarantor, the term and/or amortization period of the Mortgage is extended or reduced in time or if the interest rate is decreased or increased.
7. No suit based on this Guarantee shall be instituted until demand for payment has been made upon the Guarantor. Demand shall be deemed to have been effectually made if and when an envelope containing such demand addressed to the Guarantor at the address of the Guarantor last known to the Mortgagee is delivered to the said address or four clear days after it is mailed postage prepaid in any Government Post Office.
8. If default shall occur under any of the security for the said loan, the Guarantor shall forthwith upon demand being made upon the Guarantor by the Mortgagee pay to the Mortgagee all principal, interest, costs and expenses due by virtue of this Guarantee or any of the security for the said loan.
9. Notwithstanding anything set out in any of the security for the said loan, the Mortgagee will not in any way be responsible for the performance of any covenants therein contained and in particular, but without limitation, will not in any way be responsible for either the holding or the supervision of the insurance policies required to be maintained under the covenants to insure contained in the said security, nor the verification of the compliance with respect to any such covenants to insure and that the Mortgagee's permissive power to place insurance on the assets mortgaged to it contained in the said security is in its sole and absolute discretion. The Guarantor acknowledges that the Mortgagee's action or lack of action in such holding, supervision, verification or in its permissive powers shall in no way diminish liability hereunder.
10. The Mortgagee, without the consent of the Guarantor, may assign in whole or in part the said loan, any of the security for the said loan and/or any security collateral thereto and the benefit of all covenants of the Guarantor as herein contained.
11. The Mortgagee shall not be concerned to see or inquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf and monies, advances, renewals or credits in fact borrowed or obtained from the Mortgagee in the professed exercise of such powers shall be deemed to form part of the liabilities hereby guaranteed even though the borrowing or obtaining of such monies, advances, renewals or credits was irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or of the directors, partners or agents thereof and notwithstanding that the Mortgagee has specific notice of the powers of the Borrower or the directors, partners or agents thereof.
12. This Guarantee shall not be discharged or otherwise affected by the death or loss of capacity of the Borrower, by any change in the name of the Borrower, or in the membership of the Borrower, if a

partnership, or in the objects, capital structure or constitution of the Borrower, if a corporation, or by the sale of the Borrower's business or enterprise or any part thereof or by the Borrower being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all guaranteed liabilities and obligations whether theretofore or thereafter incurred; and in the case of a change in the membership of a Borrower which is a partnership or in the case of the Borrower being amalgamated with a corporation, this guarantee shall apply to the liabilities of the resulting partnership or corporation, and the term "Borrower" shall include each such resulting partnership and corporation.

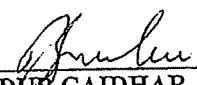
13. This Guarantee is binding whether or not any other Guarantors become liable to guarantee any part of the guaranteed obligations and this Guarantee is expressly not conditional upon the execution hereof by any other party and shall be binding upon the single Guarantor who signs notwithstanding non-execution thereof by the others.
14. In the event there is more than one Guarantor, the release of any of the Guarantors from liability shall not affect or diminish the liability of the remaining Guarantor or Guarantors, even if there are separate guarantees.
15. The omission of the Mortgagee to preserve its security or to file or record with any public office the security document or other instrument reserving title in or creating a lien or charge on property given to secure the payment of the aforesaid obligation or any irregularity or omission in the security documents shall not affect, discharge or lessen the liability of the Guarantor hereunder and further it is agreed that in the event the Mortgagee takes any steps to liquidate, protect or realize upon any such security or collateral, the Mortgagee shall not be under any liability to the Guarantor for any negligence on the part of the Mortgagee in so doing.
16. Notwithstanding the Borrower making an assignment for the benefit of creditors or becoming bankrupt or insolvent or taking the benefit of any law now or hereafter in force for bankrupt or insolvent debtors, and notwithstanding the extinguishing of the debt or obligations of the Borrower or the release or discharge of the Borrower pursuant to any applicable law, this Guarantee shall continue to be valid and of full force and effect and shall not be deemed to have been waived, released, discharged, impaired or affected thereby.
17. All debts and liabilities present and future of the Borrower to the Guarantor are hereby postponed to the aforesaid indebtedness of the Borrower to the Mortgagee and all monies received by the Guarantor, its heirs, executors, administrators, successors and assigns in respect thereof after default under the Mortgage shall be received as trustee for the Mortgagee and shall be paid to the Mortgagee upon its request.
18. In respect to any deficiency in the payment of the monies payable under the Mortgage and any renewals together with interest thereon and owing to the Mortgagee by the Borrower upon the Mortgagee exercising its rights under the Mortgage to realize upon the security thereof, the Guarantor further unconditionally guarantees to the Mortgagee the due and timely payment of such deficiency together with interest thereon at the rate provided for in the Mortgage notwithstanding that by operation of the law the covenant to pay in the Mortgage may be unenforceable against the Borrower.
19. In addition to any other amounts due or incurred herein, the Guarantor shall also pay to the Mortgagee all party and party costs, all solicitor and client costs (on a solicitor and his own client basis) and all legal and other expenses incurred by virtue of any demand, default or proceeding taken to realize on this Guarantee or any of the said security.

20. This Guarantee shall remain in full force and effect, unless a release in writing has been authorized and issued by the Mortgagee, and shall apply to any and all renewals and extensions of the term of the Mortgage and to any amendment or modification of the Mortgage whether made by the Mortgagor or any subsequent owner of the mortgaged lands, whether or not the Guarantor shall approve of or consent to any such renewal, extension, amendment or modification and whether or not the Guarantor shall have been notified of any such renewal, extension, amendment or modification; and this Guarantee shall apply to the Mortgage terms and conditions as renewed, extended, amended or modified (including without limitation any increase or decrease in the rate of interest payable in respect of the monies secured by the Mortgage) whether or not the Guarantor receives notice of or consents to those terms and conditions.
21. If and whenever the liability of the Guarantor hereunder shall be limited, then and in that event any sale of the assets or any part thereof which are charged by the Mortgage (including any sale of mortgaged lands) shall not act as a reduction of the liability of the Guarantor under this Guarantee or under any judgement obtained by the Mortgagee so long as there are monies due and owing to the Mortgagee after application of any sale proceeds or other monies which have been realized or which are deemed to have been realized by operation of law or otherwise. Accordingly, if the Mortgagee chooses to realize on the Mortgage either prior to or after obtaining a judgment under this Guarantee, the liability of the Guarantor shall always be for the last monies which are due and owing to the Mortgagee.
22. The Guarantor acknowledges the advice of the Mortgagee to obtain independent legal advice in respect of the granting of this Guarantee.
23. This Guarantee shall be construed in accordance with the laws of the Province of Alberta.
24. This Guarantee and Agreement shall extend to and enure to the benefit of the Mortgagee and its successors and assigns and reference herein to the undersigned or to the Guarantor is a reference to and shall be construed as including their heirs, administrators, executors and assigns.
25. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context is so required and in any case where this instrument is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several and their heirs and executors, administrators, successors and assigns of any party executing this instrument are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.
26. The Guarantor does hereby irrevocably submit and attorn to the non exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee; waives all right to object to jurisdiction or execution in any legal action or proceeding relative to this Guarantee which the Guarantor may now or hereafter have by reason of domicile or otherwise; waives any objection to the laying of venue in such courts of any actions, suits or proceedings arising out of or in connection with this Guarantee; waives and agrees not to plead or claim that any action, suit or proceeding in such courts has been brought in an inconvenient forum; and waives any right the Guarantor may have to, or to apply for, trial by jury in conjunction with any matter, action, proceeding, claim or counterclaim arising out of or pursuant to this Guarantee.
27. If as a result of any payment by Guarantor hereunder whether in respect of principal, interest, interest on overdue interest, fees or other payment obligations, the Mortgagee is required to pay tax under Part XIII of the *Income Tax Act* (Canada) or any other legislation, then Guarantor will, upon

demand by the Mortgagee, and whether or not such taxes are correctly or legally asserted, indemnify the Mortgagee for the payment of any such taxes, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by Guarantor on demand and shall bear interest at the same rate as the other monies due hereunder calculated from the date incurred by the Mortgagee to the date paid by the Guarantor.

IN WITNESS WHEREOF the Guarantor has executed these presents this 28 day of July, 2017.

WITNESS

  
BAHADUR GAIDHAR

**GUARANTEES ACKNOWLEDGMENT ACT**  
(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

- 1 **BAHADUR GAIDHAR**, the guarantor in the guarantee dated the 28 day of July, 2017 made between **HILLSBORO VENTURES INC.** and **BAHADUR GAIDHAR** which this certificate is attached to or noted on, 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.

**KHALIL HAJI**  
*Barrister and Solicitor*  
CERTIFIED by \_\_\_\_\_ (print name), Lawyer at the City of Calgary,  
in the Province of Alberta, this 28 day of July, 2017.

\_\_\_\_\_  
SIGNATURE of Lawyer

**STATEMENT OF GUARANTOR**

I am the person named in this certificate.

\_\_\_\_\_  
**BAHADUR GAIDHAR**  
Signature of Guarantor

**KHALIL HAJI**  
*Barrister and Solicitor*

**LAWYER CERTIFICATION**

I, \_\_\_\_\_ the aforesaid Lawyer certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Guarantor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
  - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
  - or
  - (ii) made in a jurisdiction other than Alberta, and I am a lawyer entitled to practice law in that jurisdiction.

Dated the 28 day of July, 2017.

\_\_\_\_\_  
Signature of Lawyer

**THIS IS EXHIBIT "B-8" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

---

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**LETTER OF AUTHORIZATION**

**TO WHOM IT MAY CONCERN:**

**Re:   PLAN 9811891  
      BLOCK 8  
      LOT 1  
      EXCEPTING THEREOUT ALL MINES AND MINERALS  
      ("the Property")**

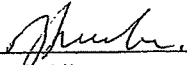
We confirm that we are the registered owners of the Property and acknowledge that **HILLSBORO VENTURES INC.** will be conducting statutory lien searches and other searches in respect of the Property and/or the undersigned.

Accordingly, please consider this to be your irrevocable authority to release to **HILLSBORO VENTURES INC.**, or its principal **Keith Ferrel**, both c/o 927 – 7 A Street NW, Calgary, AB T2M 3J4, any and all records and information whatsoever respecting the Property and our dealings with you in respect thereof.

We further authorize any on-site inspection of the Property by any governmental authority if requested by **HILLSBORO VENTURES INC.**

Dated the 20 day of July, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**  
by its authorized signatory

  
Name: Bahadur Gaidhar

Title: Director

THIS IS EXHIBIT "B-9" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



**IRREVOCABLE ORDER FOR PAYMENT**

TO: **HILLSBORO VENTURES INC.**  
AND TO: **BORDEN LADNER GERVAIS LLP**  
**Barristers & Solicitors**  
RE: **Loan – PLAN 9811891**  
**BLOCK 8**  
**LOT 1**  
**EXCEPTING THEREOUT ALL MINES AND MINERALS**

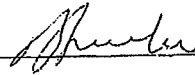
YOU ARE HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED TO MAKE ANY ADVANCE UNDER THE LOAN FOR \$2,000,000.00 WHICH YOU ARE MAKING TO the undersigned to your solicitors, BORDEN LADNER GERVAIS LLP, TO BE DISBURSED IN THE FOLLOWING MANNER, THAT IS TO SAY:

1. in payment of solicitor's fees and disbursements;
2. in payment of outstanding accounts, surveys, taxes or prior encumbrances;
3. in payment of accrued interest, interest reserve and/or principal payments due after interest adjustment date (which you may deduct from any advance);
4. in payment of outstanding appraisal fees, broker fees, and/or inspection fees, if any and if not already paid (which you may deduct from any advance);
5. the balance of the proceeds of the said mortgage to KH Dunkley Law Group or at your option to any or all of the undersigned.

**THIS ORDER FOR PAYMENT IS IRREVOCABLE** and for so doing, this shall be your sufficient warrant and authority.

DATED this 28 day of JULY, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: 

Per: \_\_\_\_\_

THIS IS EXHIBIT "C-1" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

A handwritten signature in black ink, appearing to read 'Terry Trojanoski', is written over a horizontal line.

A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI

A Commissioner for Oaths

in and for the Province of Alberta

My Commission expires June 6, 2021

Appointee No. 0736887



CEANA DEVELOPMENT SUNRIDGE INC.  
Suite 101, 3115 - 12<sup>th</sup> Street SE  
Calgary, Alberta

October 9, 2017

Dear Bob,

Re: ADDITIONAL LOAN COMMITMENT - Mezzanine/2<sup>nd</sup> and/or 3<sup>rd</sup> position Mortgage (TBD) financing of up to an additional \$1,500,000.00 secured by land and improvements located at:

+/-45,000sq.ft (over 5 buildings) retail condo project kitty corner to Sunridge Mall, NE Calgary

Municipal Description:  
2255 - 32<sup>nd</sup> Street NE, Calgary, Alberta

Legal Description:  
Plan 9811891, Block 8, Lot 1

COLLECTIVELY (the "Lands") - EXACT LEGAL DESCRIPTIONS TO BE CONFIRMED

Further to our recent meetings, I wish to advise that Hillsboro Ventures Inc. (and or nominee(s)) is prepared to offer financing on the following terms:

Borrower: Ceana Development Sunridge Inc.  
Corporate Guarantor(s): n/a  
Personal Guarantor(s): Mr. Bob Gaidhar AND Mrs. B. Gaidhar  
Lender: Hillsboro Ventures Inc. (Hillsboro)  
Principal Amount of Loan: Up to \$1,500,000.00\* - Mezzanine 2<sup>nd</sup> and/or 3<sup>rd</sup> and/or 4<sup>th</sup> position  
(gross) Mortgage as determined by Lender's solicitor (ie. if 2<sup>nd</sup> Mortgage then existing Hillsboro \$3,000,000.00 mortgage shall postpone to mortgage herein)

\*To be funded via an initial tranche/advance of \$300,000 (less deductions) with up to an additional \$1,200,000 available if further cost overruns and/or cash injection are required

Purpose: To assist with Borrower with additional subordinate funding requirement And agreed upon for any and funding by Hillsboro.

Application Fee: \$10,000 shall be deemed earned upon execution of this commitment and

payable to Hillsboro Ventures Inc. Said fee may be deducted from the initial advance herein or from an advance under the existing Hillsboro \$2MM mortgage

**Interest Rate:** 18% per annum, for 12 months, shall commence upon Lender depositing and confirming funds held in trust with their solicitor this charge is for a stand change for the funds prior to being drawn on & interest upon being drawn upon, the 13 month shall be at 30%

**Effective Date:** OCTOBER 10, 2017

**Term:** 13 months with 9 months interest closed, prepaid and earned by Hillsboro upon execution of this agreement.

**Lender Fee:** 3% of principal loan amount shall be deducted from Lender's initial advance (1.5% payable to Liberty Mortgage and 1.5% payable to Hillsboro Developments Inc.)

**Security:**

1. 4th Mortgage charge of \$1,500,000.00 to be registered on the Lands and all improvements, with existing Hillsboro mortgage postponing to the mortgage herein OR become part of the other Hillsboro mortgages as advice by Hillsboro's council;
2. Promissory Note from the Borrower to the Lender;
3. Personal Guarantee of Mr. Bob Gaidhar AND Mrs. B. Gaidhar;
4. Postponement of all shareholder loans and/or charges;
5. Postponement and standstill from all Limited Partners and/or Joint Venture partners;
6. 4th position Assignment of rents and leases;
7. 4th position General Security Agreement from the Borrower to the Lender;
8. 4th position Specific Assignment of 100% GROSS SALES proceeds where upon partial discharges will be granted by the Lender provided 100% of the initial sale proceeds are paid to the 1st Mortgagee until payout and other prior mortgages;
9. Specific Assignment of all material plans, blueprints, contracts, and agreements on the lands, including but not limited to, City of Calgary Offsite Levi Agreements, Development Permits/Agreements, Building Permits, Construction Management Agreements, Leases, etc;
10. Borrower to sign a letter of authorization which grants authority to all stakeholders (contractors, trades, government bodies, etc.) to provide information to the Lender upon request;

11/11/11

13.

11. Bob Gaidhar residence:
12. Other offsite collateral as deemed necessary:
13. Other security as may be reasonably required by the Lender or the Lender's solicitor

Post Dated Cheques: N/A

Prepayment: This loan may be paid in full at any time subject to a minimum interest earned provision of 9 months on the face amount of the mortgage.

Late Payments: Late payments, including NSF or other returned cheques, will result in a \$1,500.00 administrative charge for each such occurrence

Disbursements: **Initial Advance:**  
\$300,000.00 less deductions of Prepaid Interest, Lender Fee and Legal Fees- in trust to the Borrower's solicitor upon such solicitor's confirmation that all security documentation has been executed and registered at the appropriate public offices

**Additional Advances:**  
Up to an additional \$1,200,000.00 if cost overruns/further funding is required and upon certain conditions being met. Hillsboro will only fund these monies if at the time of funding Ceana funds ONE DOLLAR (\$1) FOR EACH HILLSBORO FUNDING OF ONE DOLLAR (\$1) , to be funded by Ceana through Hillsboro's lawyer , AT THE TIME OF ANY FUNDING BY HILLSBORO.

Insurance: The Borrower shall arrange for property and casualty insurance protection, including fire, course of construction and other perils suitable to the Lender, on the Lands showing loss payable to the Lender, as its interest may appear

Material Conditions Precedent: In addition to the above cited security and related documentation, each of the following conditions precedent must be satisfied by the Borrower, in each case in form and substance satisfactory to the Lender and its counsel, prior to any advance being made, and the Lender may acknowledge in writing to the Borrower that each of such conditions precedent have been satisfied or waived:

1. Satisfactory review of updated project timeline and pro-forma and on going updates weekly ;
2. Satisfactory review of updated unit listing including firm sales,

conditional sales, and units still available on going updates weekly ;

3. Satisfactory review of project budget, QS report (BTY) and fixed price construction management agreement with Fast Track Commercial Inc on going updates weekly .;
4. Satisfactory review of financial statements of CEANA up to June 30, 2017;
5. Satisfactory review of Borrower's total project price list, along with confirmation of all pre-sales in place totaling not less than \$17,00 0,000;
6. Satisfactory confirmation of CWB balance and no default status;
7. Satisfactory review of Chinook Financial 1<sup>st</sup> Mortgage commitment;
  - a. Lender may require Security relating to Chinook Financial 1<sup>st</sup> mortgage being confirmed having been signed and submitted to Land Titles for registration with lawyer reporting back to Chinook solicitor PRIOR to Lender instructing their solicitor to begin prep of security docs relating to this loan;
8. Borrower to provide copy of DP, BP and full set of construction blueprints;
9. Borrower to provide copy of Alpha Steel contract and initial payment along with all other material supply contracts entered into;
10. Lender requires the Borrower and/or a representative of the Borrower to meet with Lender's own project monitor/consultant on a WEEKLY basis, through until all mortgages funded by the Lender are paid in full, cost of which (\$2,500/month plus gst if applicable ) shall be to the account of the Borrower AND FUNDED FROM THE INITIAL ADVANCE FOR 9 MONTHS AND DEEMED THE MINIMUM AMOUNT EARNED BY HILLSBORO.
11. A provision shall exist in the mortgage herein stating that default on any mortgage advanced to the Borrower shall trigger an immediate default of the subject mortgage herein;
12. Lender's final credit committee approval;
13. Site visit to be conducted by Lender and/or Lender's representative;

Conditions Precedent to be Satisfied by the Lender:

Each of the following conditions precedent must be satisfied or waived by the Lender, prior to the initial advance and each subsequent advance being made, and the Lender may acknowledge in writing to the Borrower if and when each of such conditions precedent have been so satisfied or waived:

1. Site visit by Lender, accompanied by the Borrower, to the Lands for the each advance, when necessary, cost of which shall be to the Borrower's account;
2. Approval of this Mortgage Lending Commitment by the Lender's Credit Committee

**Legal Fees:**

All legal fees (on a solicitor and his own client basis) and disbursements associated with this mortgage lending commitment, including the initial documentation, matters which may arise during the term of the loan and the payout of the loan, are the sole responsibility of the Borrower and may be deducted from the loan proceeds. All fees and costs associated with the discharge of any security are also to the Borrower's account. The Lender and/or Lender's solicitor may require an up front legal retainer to begin security preparation. The cost of title insurance if utilized will also be to the account of the Borrower

**Payment of costs:**

Any costs associated with this Mortgage Lending Commitment which the Borrower may incur or be liable for, including interest, stand by fees, application fees, lender fees and legal fees and disbursements, shall be a charge against the Lands and shall bear interest at the interest rate described herein from initial date of advance until they have been paid in full and may be deducted from mortgage proceeds. The Borrower hereby mortgages and charges all of its estate and interest in the Lands to secure the aforementioned costs

**Caveat:**

It is also understood that Hillsboro Ventures Inc. and/or nominee may register a caveat against the Lands to more fully secure the payment of costs and right of first refusal relative to this mortgage lending commitment

**Material Change or Omission:**

Lender may refuse to fund additional advances, if at any time and at its sole discretion, if the Lender learns of any material omissions made by the Borrower and/or material changes in the market conditions

**Termination of this Mortgage Lending Commitment:**

In the event that the conditions precedent to be satisfied by the Lender have been satisfied or waived by the Lender and in the further event that the conditions precedent to be satisfied by the Borrower have not been satisfied by the Borrower or the Borrower fails to draw down the Loan Advance by August 31, 2017, then the Lender may terminate this Mortgage Lending Commitment and if it does so, it shall have no further obligation to the Borrower to advance all or any portion of the Mortgage Loan Amount

**Not Assignable:**

This mortgage lending commitment and all the benefits derived there from are neither assignable nor transferable by the Borrower

**Advertisement:**

Lender and/or Broker is authorized to advertise their involvement in

Dated at CALGARY, Alberta, Canada, on the 10 day of OCTOBER, 2017

Borrower: Ceana Development Sunridge Inc.

Per: [Signature]  
Name

[Signature]  
Witness

Per: [Signature]  
Name

[Signature]  
Witness

Personal Guarantor(s): Bob Gaidhar

Per: [Signature]  
Bob Gaidhar

[Signature]  
Witness

[Signature]  
Yasmin GAIDHAR

[Signature]  
WITNESS



THIS IS EXHIBIT "C-2" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## **MORTGAGE**

CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter referred to as the "Mortgagor") being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

**PLAN 9811891  
BLOCK 8  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(which together with the buildings, improvements and fixtures thereon are hereinafter referred to as the "Land");

IN CONSIDERATION of the sum of \$1,500,000.00 of lawful money of Canada, being the principal sum lent to the Mortgagor by HILLSBORO VENTURES INC., having an office at 927 7A Street N.W. Calgary, T2M 3J4, (hereinafter referred to as the "Mortgagee") the receipt of which sum the Mortgagor does hereby acknowledge, HEREBY COVENANTS WITH the Mortgagee as follows:

### **PAYMENTS**

1. The Mortgagor promises to pay to the Mortgagee in lawful money of Canada, the principal sum lent as aforesaid as follows:

From and including October 10, 2017 until October 9, 2018, interest at 18.0% per annum, and thereafter, interest at 30% per annum calculated monthly not in advance, as well after as before maturity, default and judgment, on the principal monies remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment (which interest rate is sometimes hereinafter referred to as the "Mortgage Rate") and computed from and including October 10, 2017 which interest shall become due and be paid in monthly instalments commencing on November 1, 2017 and on the first day of each and every month thereafter.

The principal sum of the advance(s) and all other outstanding sums shall become due and be paid in full on November 9, 2018.

### **STANDBY FEE**

2. Intentionally Deleted.

### **OVERDUE INTEREST**

3. The Mortgagor will pay to the Mortgagee interest as aforesaid in the manner aforesaid, and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Mortgage Rate as well after as before maturity of this mortgage, both before and after default, and both before and after judgment under this mortgage until paid, and shall be payable at the times, in the manner, and at the place hereinbefore provided for payment of interest, and all such interest and compound interest shall be a charge on the Land. In the event of nonpayment of any of the moneys hereby secured at the times herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, including after judgment, pay interest at the Mortgage Rate from day to day on the same.

### **AMENDMENTS**

4. In the event the monies advanced hereunder are not advanced by the date expected by the Mortgagee then the Mortgagee may, at its sole option, amend any or all of the Date for Adjustment of Interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

### RENEWALS

5. In the event that the Mortgagee shall agree to renew or extend the term of this mortgage, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his-own-client basis). In the event the Mortgagor herein is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this mortgage as renewed or extended.

### PREPAYMENT

6. The Mortgagor, when not in default hereunder, may prepay the principal in whole or in part at any time after 10 days written notice, without bonus or penalty provided that the Mortgagee has received a minimum of 9 months' interest under this mortgage.

### TAXES

7. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes"):

- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
- (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest and principal due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
- (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
- (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee

may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) there shall be default by the Mortgagor in respect of any payment of principal, interest or other amount as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the principal moneys hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land;
- (i) the Mortgagor shall if requested by the Mortgagee, enroll in the taxing authority's tax instalment payment plan.

#### INSURANCE

- 8. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with extended coverage and replacement cost endorsements and in such amounts, all as the Mortgagee

may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.

- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefore.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.
- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

### PAYMENT METHOD

9. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the instalments of principal and interest and/or the Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-judicial day on or after receipt thereof, shall be credited to the mortgage account on the next judicial day thereafter.

### CONSTRUCTION

10. In the event that this mortgage is a building or construction mortgage, the Mortgagor agrees that:

- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
- (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
- (c) it will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
- (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may see fit, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys;
- (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
- (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* of Alberta; provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

### CONDOMINIUM

11. In the event the Land is or becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the condominium

corporation from time to time in force, and will ensure that the condominium corporation complies with the insurance provisions in the said Act.

- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the condominium corporation in respect of the unit(s) charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the condominium corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the condominium corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the condominium corporation, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the condominium corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five days prior to each and every general meeting of the condominium corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the condominium corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the condominium corporation as the Mortgagor may from time to time receive notwithstanding the foregoing the Mortgagor shall ensure that the Mortgagee has notice of any meeting which will consider the termination of the condominium corporation or an amendment to the by-laws.
- (g) The Mortgagor does hereby irrevocably assign unto the Mortgagee any lease or rights to occupy any parking space or spaces demised to or reserved or designated for exclusive use by the Mortgagor and any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.
- (h) 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 paid by it and such distraint shall not result in the Mortgagee being a mortgagee in possession.
- (i) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever. The Mortgagor agrees not to sell or transfer condominium units while the blanket mortgage is registered and any such transaction shall be deemed a breach of covenant unless and until the Mortgagee has consented thereto. This prohibition does not apply if there is a specific partial prepayment clause contained elsewhere herein.

### RESTRICTION ON TRANSFER

12. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

### ADVANCES

13. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said principal sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the principal sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

### SUBROGATION

14. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

### WASTE

15. All erections and improvements fixed or otherwise now on or hereafter put upon the Land, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilation, lighting and water heating equipment, built-in cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, and if part of the Land consists of an apartment building all stoves, refrigerators, clothes washers and dryers, garburators and dishwashers, located in the apartment building and owned by the Mortgagor, are and shall, in addition to all other fixtures thereon, be and become and shall be deemed to be fixtures and form part of the realty and of the security and are included in the expression the "Land"; and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, repair, maintain, restore, amend, keep, make good, finish, add to and put in order the same.

### ALTERATIONS

16. The Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

### INSPECTIONS

17. The Mortgagee or agent of the Mortgagee may, at any time, enter upon the Land to inspect the Land and buildings thereon.

### PLACE OF PAYMENT

18. All moneys whether principal, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.



### CROSS-DEFAULT

19. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, security agreements, assignments of rentals, assignments of leases or any other securities (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or any other loan between the Mortgagee and Mortgagor or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. Default under this mortgage shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto. For avoidance of doubt, a default hereunder shall be deemed a default under the Mortgage registered as 171 023 797 and a default under that Mortgage shall be deemed a default hereunder.

### SUBSTITUTE MORTGAGE

20. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

### RELEASE OF SECURITY

21. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

### WAIVER

22. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

### USE OF MONEY

23. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

### LIABILITY OF MORTGAGOR

24. Notwithstanding any sale or other dealings by the Mortgagor with the Land, or any part thereof, the Mortgagor together with any other party who is or becomes liable under this mortgage, shall continue to be liable under this mortgage until all monies secured by this mortgage have been repaid in full notwithstanding the assumption of the mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor, and notwithstanding any amendment, modification, renewal or extension of this mortgage (including, without restriction, any increase or

decrease in the interest rate, amortization period, monthly payments or term of this mortgage) which takes place after such sale or an assumption has occurred with or without the consent of the Mortgagor or any other party.

#### ATTORNMEN

25. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

#### RECORDS

26. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within thirty days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

#### ASSIGNMENT OF LEASES AND RENTS

27. If the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases already in existence, and those to be created in the future, including any guarantees in respect thereof, and all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:

- (a) whenever the Mortgagor is in default under any of the provisions of this mortgage, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
- (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
- (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
- (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
- (e) the Mortgagee shall under no circumstances become a mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and subject to all deductions and payments made out of the rentals received from the Land as herein provided;
- (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of

first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;

- (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until further default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time such default occurs;
- (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;
- (i) the Mortgagor shall not hereafter collect more than two months rental in advance;
- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them;
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### RECEIVER

28. It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this mortgage, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:

- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
- (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
- (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
- (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
- (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent or attorney of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
- (f) the appointment of every such receiver by the Mortgagee shall not incur or create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;

- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;
- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges the Mortgagee and every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by the Mortgagee or any such receiver under the provisions of this clause, unless such claim be the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

#### INSOLVENCY

29. If the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* of Canada, become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* of Canada, or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, the same shall constitute a breach of covenant and default herein.

RIGHTS OF MORTGAGEE

30. The Mortgagor further covenants and agrees with the Mortgagee that in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;
- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled, without notice (except such as may be required by law and which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notice of intention to file a certificate in respect of the power of attorney) to sell and dispose of the Land (by public auction and/or private contract) with or without entering into possession of the same; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the

Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor; (any notice required to be given may be delivered to either the Land, the Mortgagor's residence or place of business, or the last known address of the Mortgagor);

- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may, except as specifically provided, exercise each of the foregoing powers without notice to the Mortgagor.

#### ATTORNEY

31. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the Land in accordance with the provisions of this mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

#### JUDGMENT

32. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

#### EXPENSES

33. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:

- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage and any collateral security hereto a charge subject only to the prior encumbrances acceptable to the Mortgagee;
- (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
- (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
- (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
- (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;

- (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
- (g) all sums paid to a receiver of the Land;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
- (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any default hereunder or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys and are included in the principal secured hereby.

#### COVENANTS

34. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:

- (a) has a good title to the Land;
- (b) has the right to mortgage the Land;
- (c) on default the Mortgagee shall have quiet possession of the Land, free from all encumbrances except for such encumbrances as are now registered on the title;
- (d) will execute such further assurances of the Land as may be requisite;
- (e) has done no act to encumber the Land except for such encumbrances as are now registered on the title.

#### EXPROPRIATION

35. The Mortgagor hereby assigns to the Mortgagee, any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Land, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other

party. Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

#### PRIOR MORTGAGES

36. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any prior mortgages, agreements for sale or other charges (hereinafter called the "prior mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of other moneys payable hereunder.

#### SEVERABILITY

37. In the event any clause or part of a clause herein is invalid or unenforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

#### SUCCESSORS AND ASSIGNS

38. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

#### DISCHARGE

39. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

#### LAW

40. This mortgage is made pursuant to the Land Titles Act of Alberta and any amendments thereto and shall be construed in accordance with the laws of the Province of Alberta.

#### CHARGE

41. For the better securing to the Mortgagee the repayment in the manner aforesaid of the principal sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land.

#### INTEREST

42. It is the intent of the parties hereto that the interest rate not exceed the maximum interest rate permitted under the laws of Canada and of the Province of Alberta and if the interest rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the interest rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and the Province of Alberta and this mortgage shall



automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

#### COMMITMENT LETTER

43. The parties agree that the accepted terms and conditions of the Mortgagee's commitment letter dated October 9, 2017, as amended, shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the commitment letter shall constitute a default hereunder. In the event there is a conflict between the terms and conditions of this mortgage and the said commitment letter as amended, then this mortgage shall take precedence. There will be no conflict if the terms and conditions of the said commitment letter should enlarge or clarify the terms and conditions of this mortgage.

#### HAZARDOUS SUBSTANCES

44. (a) The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (i) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;
- (ii) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the Lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (iii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (iv) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
  - (A) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (B) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
- (v) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
  - (A) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
  - (B) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.
- (b) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
  - (i) radioactive materials;
  - (ii) explosives;

- (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
  - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
    - (A) endangers the health, safety or welfare of persons or the health of animal life;
    - (B) interferes with normal enjoyment of life or property; or
    - (C) causes damage to plant life or to property;
  - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
  - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands.
- (c) The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees, agents and shareholders and its successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:
- (i) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
  - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
  - (iii) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the mortgage or any collateral security and the full repayment of the mortgage monies.

#### DUE ON SALE

45. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed or otherwise similarly disposed of to a party not approved of in writing by the Mortgagee, or if the Mortgagor enters into an agreement to effect any of the foregoing to such an unapproved party whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the corporation shall constitute such a disposition); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with

respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial discharge clause contained elsewhere herein shall not be subject to the terms hereof.

#### SUBSEQUENT FINANCING

46. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

#### RE-ADVANCES

47. It is the intention of the Mortgagor and Mortgagee that the Mortgagee may wish to make advances and re-advances to the Mortgagor up to an aggregate outstanding balance at any time of the principal sum lent as set out aforesaid. Accordingly, this mortgage shall be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in the *Land Titles Act* of Alberta. This mortgage is and shall be a continuing security to the Mortgagee for the repayment of all present and future amounts owing in respect of the principal sum lent. Any portion of the principal may be advanced or re-advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and be repayable with interest as aforesaid and this mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured, but none of the execution and the registration of this mortgage and the advance in part of any monies by the Mortgagee shall bind the Mortgagee to advance any unadvanced portion thereof. This mortgage shall not be void if the principal sum secured hereby has been repaid in full, if such ability to borrow continues to be available to the Mortgagor. This mortgage shall be void only when the principal sum secured hereby has been repaid in full and the Mortgagee gives written notice to the Mortgagor that the Mortgagor will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage is deemed to be a revolving line of credit mortgage there shall be no right of prepayment except as provided, if at all, elsewhere in this mortgage.

#### BENEFIT OF EASEMENTS

48. As additional security for all of the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any all easements, restrictive covenants, rights of way, party wall agreements, encroachment agreements and plus 15 agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenant) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagor. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

#### GENERAL

49. The Mortgagor agrees with the Mortgagee as follows:

- (a) to comply with the terms and conditions of the commitment letter or mortgage approval and this mortgage at all times;
- (b) to maintain adequate insurance coverage as outlined in the commitment letter or mortgage approval as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;

- (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
- (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;
- (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time.

#### PARTIAL DISCHARGES

50. The Mortgagor shall be entitled to a partial discharge of all or any of the units/lots to be created upon a written request for the same provided that all of the following conditions are satisfied; namely:

- (a) the Mortgagor shall not be in default hereunder;
- (b) the Mortgagor shall pay all reasonable costs incurred in connection with the partial discharge including, but not limited to, reasonable legal and closing costs; and
- (c) the first mortgagee of the Land, at the time of the request of the partial discharge, shall receive 100% of the net sales proceeds (after deduction of standard real estate commissions (if applicable) and reasonable legal and closing costs)) from the sale of each unit/lot provided that, for the avoidance of doubt, the gross proceeds of the purchase of such unit/lot shall not in any event include any monies contributed by the joint venture parties (including, but limited to, any investments or profits).

IN WITNESS WHEREOF the Mortgagor has duly executed these presents on the 1 day of NOV, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

THIS IS EXHIBIT "C-3" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,  
in the Province of Alberta,  
the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## ASSIGNMENT OF LEASES

THIS ASSIGNMENT made this 1 day of NOV, 2017.

BETWEEN:

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the repayment of the sum of \$1,500,000.00 with interest thereon as in the said Mortgage provided;

AND WHEREAS there may have been, or may be, constructed a building or buildings on the said lands (hereinafter collectively and individually called the "building");

AND WHEREAS the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses to use or occupy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

AND WHEREAS it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DOTH HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.
3. That it will not, except in accordance with accepted real estate management practice, alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.
4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.



5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.
6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.


The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.

**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: 

Per: \_\_\_\_\_

THIS IS EXHIBIT "C-4" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**ASSIGNMENT OF RENTS**

**THIS ASSIGNMENT** made this 1 day of NOV, 2017.

**BETWEEN:**

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Assignee")

OF THE SECOND PART.

**WHEREAS** by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 9811891  
BLOCK 8  
LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the sum of \$1,500,000.00 with interest as in the said Mortgage provided;

**AND WHEREAS** there may have been, or may be, constructed a building or buildings on the said lands (hereinafter individually or collectively called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

**AND WHEREAS** the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and

other monies reserved and payable and to become payable under or in respect of the said Leases, and all other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the lands (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the lands and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

THE ASSIGNOR covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

THE ASSIGNOR covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

THE ASSIGNOR shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

IF THE ASSIGNOR defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

NO WAIVER by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

THE ASSIGNOR shall not dispose of the said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the

case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

THIS IS EXHIBIT "C-5" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

## SECURITY AGREEMENT

WHEREAS HILLSBORO VENTURES INC. (the "Secured Party") has advanced or will be presently advancing to CEANA DEVELOPMENT SUNRIDGE INC. (the "Debtor") by way of loan the sum of \$1,500,000.00, or any portion thereof, with interest thereon pursuant to the terms of and secured by a mortgage of the lands hereinafter described in Schedule "A" hereto (the "Mortgage of Land");

AND WHEREAS in the commitment for the said loan it was a requirement of the loan that the Debtor grant this Security Agreement to the Secured Party as additional security for the repayment of the said sum and interest;

NOW THEREFORE THIS AGREEMENT WITNESSETH that:

### 1. SECURITY INTEREST

- (a) For value received the Debtor, hereby grants to the Secured Party, a security interest ("Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in 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 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 in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:
  - (i) all inventory of whatever kind and wherever situate;
  - (ii) 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;
  - (iii) 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 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");
  - (iv) 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;
  - (v) all contractual rights and insurance claims;
  - (vi) 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").
- (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) Unless otherwise limited herein the terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Security", "Investment Property", "proceeds", "accession", "Money", "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 of Alberta, as amended from time to time, 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" or "inventory" of Debtor as those terms are defined in the P.P.S.A. 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 by Debtor to the Secured Party secures payment and performance of any and all obligations, indebtedness and liability of Debtor to the Secured Party (including interest thereon at the rate and in the manner set out in the Mortgage of Land from time to time) under the Mortgage of Land, and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased and whether Debtor be bound alone or with another or others (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 the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

## 3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

- (a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances") save for the Security Interest and those Encumbrances shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party, prior to their creation or assumption;
- (b) Debtor is authorized to enter into this Security Agreement;
- (c) each debt, Chattel Paper and Instrument constituting proceeds of Goods is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor").

## 4. COVENANTS OF DEBTOR

The Debtor covenants and agrees:

- (a) to defend Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "B", if any, or hereafter approved in writing by the Secured Party prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease or otherwise dispose of Collateral or any interest therein without the prior written consent of the Secured Party and, in any event, to deposit with the Secured Party all Money received from any disposition of Collateral;
- (b) to notify the Secured Party promptly of:
  - (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 of or damage to Collateral;
  - (v) any default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and
  - (vi) the return to or repossession by debtor of Collateral;
- (c) to keep the 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;
  - (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Secured Party 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 the Goods for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably direct with loss payable to the Secured Party and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
  - (g) to prevent Collateral 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 a proper and efficient manner and so as to protect and preserve the 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 the Secured Party's request so as to indicate the Security Interest; and
  - (i) to deliver to the Secured Party from time to time promptly upon request:
    - (i) any Documents of Title, Instruments, Securities, Investment Property and Chattel Paper 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, the Debtor and Debtor's business and affairs as the Secured Party may reasonably request.

##### 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and the clause titled "Collection of Debts", 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 the Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner

the Secured Party may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purpose to grant to the Secured Party 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 or other Investment Property, Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Secured Party or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Secured Party 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 or other Investment Property. After default, Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee(s) as such registered owner and agrees that no proxy issued by the Secured Party to Debtor or its order as aforesaid shall thereafter be effective.

#### 7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Secured Party 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 the Secured Party. 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 the Secured Party and shall be turned over to the Secured Party upon request.

#### 8. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Secured Party 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 the Secured Party deems best or, at the option of the Secured Party, be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Secured Party hereunder, and any surplus shall be accounted for as required by law.

#### 9. EVENTS OF DEFAULT

The happening of any one 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 the Secured Party, including without limitation the Mortgage of Land;
- (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 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 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, makes or agrees to make a bulk sale of assets without complying with applicable law 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; or
- (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 the Secured Party 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 the Secured Party at or prior to the time of such execution.

#### 10. ACCELERATION

Secured Party, in its sole discretion, may declare all or any part of the 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 the Secured Party 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 the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

#### 11. REMEDIES

- (a) Upon default, the Secured Party may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Secured Party 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 and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, 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 or otherwise dispose of or concur in selling, leasing 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 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 the Secured Party, all Money received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.
- (b) Upon default, the Secured Party 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) Secured Party 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, the Secured Party may sell, lease 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 the Secured Party may seem reasonable.

- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Secured Party and in addition to any other rights the Secured Party may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Secured Party shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Secured Party shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper, whether Collateral or proceeds and whether or not in the Secured Party's possession and shall not be liable or accountable for failure to do so.
- (e) Debtor acknowledges that the Secured Party 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 the Secured Party 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 reasonably incurred by the Secured Party or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, 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 the Secured Party 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) Secured Party 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.

## 12. MISCELLANEOUS

- (a) Debtor hereby authorizes the Secured Party to file such financing statements, financing change statements 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 the Secured Party 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 Secured Party or a Manager or Acting Manager from time to time of the Secured Party 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 the Secured Party, whenever Indebtedness is immediately due and payable or the Secured Party has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- (c) Upon Debtor's failure to perform any of its duties hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expenses incurred by the Secured

Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of interest as set out in the Mortgage of Land from time to time.

- (d) Secured Party 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 the Secured Party may see fit without prejudice to the liability of Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on Collateral in either Debtor's or the Secured Party's name, at the Secured Party'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 the Secured Party 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, the Secured Party 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 the Secured Party 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 the Secured Party on which Debtor is in any way liable and, subject to the terms under the P.P.S.A., notice of any other action taken by the Secured Party.
- (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 the Secured Party. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.
- (h) 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.
- (i) 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 the Secured Party, if delivered to it or sent by prepaid registered mail addressed to it at its address where payments are being, or are to be, made 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 the Secured Party. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) 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 the Secured Party and is intended to remain in full force and effect until the Indebtedness is repaid and the obligations of the Debtor to the Secured Party performed notwithstanding that the Indebtedness is reduced from time to time and thereafter increased or entirely extinguished, or the Debtor by instrument in writing attempts to terminate this agreement.
- (k) 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.

- (l) 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 the grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (m) In the event any provision 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.
- (n) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (o) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Secured Party.
- (p) 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 the Secured Party at the time of amalgamation and any "Indebtedness" of the amalgamated company to the Secured Party 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) This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province of Alberta as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

**13. COPY OF AGREEMENT**

- (a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
- (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by the Secured Party, or of any verification statement with respect to any financing statement registered by the Secured Party.

**14. NAME OF DEBTOR**

Debtor represents and warrants that the name of the Debtor as set out herein is accurate.

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 1 of NOV, 2017.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**SCHEDULE "A"**

**LANDS**

**PLAN 9811891  
BLOCK 8  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

**SCHEDULE "B"**

**ENCUMBRANCES**

**17041009215**

**17041010597**



**THIS IS EXHIBIT "C-6" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

ASSIGNMENT OF PROJECT AGREEMENTS

THIS ASSIGNMENT made effective the 1 day of NOV, 2017.

BETWEEN:

**CEANA DEVELOPMENT SUNRIDGE INC.**  
(hereinafter called the "Borrower")

OF THE FIRST PART

- and -

**HILLSBORO VENTURES INC.**  
(hereinafter called the "Lender")

OF THE SECOND PART

WHEREAS:

- A. The Borrower has applied to the Lender for a loan in the maximum amount of \$1,500,000.00 (the "Loan Amount") all as more particularly described in a commitment letter dated October 9, 2017 (the "Commitment") issued by the Lender to the Borrower and accepted by the Borrower.
- B. As security for the Loan Amount, interest thereon, commitment fees, funding fees, and all other fees, costs, expenses, charges and other amounts due by the Borrower which are described in the Commitment, the Borrower has issued a Mortgage in favour of the Lender in the principal amount of \$1,500,000.00 (hereinafter called the "Mortgage") which charges the lands owned by the Borrower described in Schedule "A" hereto, which lands and all buildings at any time situate thereon during the existence of the Mortgage are hereinafter referred to as the "Mortgaged Premises".
- C. The Borrower intends to develop a project on the Mortgaged Premises (hereinafter called the "Project").
- D. As a condition precedent to advances of the Loan, the Borrower has agreed to assign to the Lender as additional collateral security the following:
  - (a) the benefits of all development, zoning, land use and building permissions, exceptions and authorizations;
  - (b) all designs, diagrams, engineering certificates, surveys, drawings, plans and specifications;
  - (c) all performance bonds, maintenance bonds and labour and material payment bonds relating to the Project;the above being collectively called the "Collateral" and;
  - (d) all contracts and agreements relating to the development and construction of the Project including, but not limited to:
    - (i) any development agreements;

- (ii) professional, construction and sub-trade contracts;
- (iii) all warranties, guarantees and indemnities of subtrades, suppliers and manufacturers in respect of work and materials done and supplied in respect of the construction or repair of the Mortgaged Premises and other improvements on the Mortgaged Premises; and
- (iv) all subsisting permits, licenses, service contracts, utility contracts and other contracts affecting the Mortgaged Premises;
- (e) all the Borrower's rights under and by virtue of all offers to purchase the Mortgaged Premises, the Project and/or any or all of the condominium units;
- (f) all monies payable under sub-clause (e) including, but not limited to:
  - (i) non-refundable deposits of purchaser's held with respect thereto;
  - (ii) purchaser G.S.T. rebates;
  - (iii) condominium holdbacks on unit sales pursuant to the Condominium Property Act of Alberta;
- (g) any mortgages granted or assigned to the Borrower by purchasers of condominium units;
- (h) the proceeds from sub-clauses (f) and (g) above;

sub-clauses (d) to (h) inclusive are collectively called the "Contracts", and the parties thereto, other than the Borrower, are collectively called the "Contractor".

**NOW, THEREFORE, THIS ASSIGNMENT WITNESSES:**

1. In consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Borrower covenants, declares and agrees with the Lender as follows:
  - (a) That the Borrower hereby assigns, transfers and sets over unto the Lender all of its right, title and interest in and to the Collateral and the Contracts including, without limitation, the benefit of all representations, warranties, conditions, terms and covenants made or contained in the Collateral and the Contracts or implied or expressed by law in relation thereto; and irrevocably appoints the Lender as its attorney and agent with full power and authority to execute all necessary documents in connection with the Collateral and the Contracts and to enforce performance of such conditions, terms and covenants and to demand, sue for and collect damages in connection with any misrepresentation, failure of warranty, or breach of any such condition, term or covenant in the name of and as agent for the Borrower, or in the name of the Lender; to have and to hold unto the Lender until all monies owing and all obligations of the Borrower under the Mortgage have been fully paid and fulfilled;
  - (b) That although it is intended by the Borrower and the Lender that this shall be a present assignment the Lender shall not be entitled, until there shall be default under the Mortgage or under the terms hereof, to exercise the rights assigned to it hereunder or to enforce or sue in respect of any representation, warranty, condition, term or covenant under the Collateral or the Contracts and the other parties thereto shall be entitled to deal with the

Borrower until receipt of written notice from the Lender stating that they should no longer deal with the Borrower;

- (c) That notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of any security this Assignment shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and all obligations of the Borrower under the Mortgage have been satisfied;
- (d) That the Borrower shall be permitted to enjoy the benefits of the Collateral and the Contracts unless and until default shall be made in the payment of any monies secured by the Mortgage or in the keeping or observance or performance of any covenant, proviso or condition contained herein or in the Mortgage and in the case of such default the Lender or its agent may but shall not be bound to give written notice to the other parties to the Collateral and the Contracts requiring them to deal directly with the Lender, and the Borrower covenants and agrees, at the request of the Lender, to join with the Lender in such notice and hereby irrevocably appoints the Lender as its attorney to join the Borrower in such notice;
- (e) That the Lender may waive any default or breach of covenant and shall not be bound to exercise its rights hereunder or to serve any notice upon any other party hereto upon the happening of any default or breach of covenant but any such waiver shall not extend to any subsequent default or breach of covenant;
- (f) That nothing herein contained shall be deemed to have the effect of making the Lender responsible for the performance of any of the covenants, provisions, stipulations, terms or conditions under the Collateral or the Contracts or oblige it to exercise the rights assigned to it hereunder and that the Lender shall not by virtue of these presents be deemed to be a mortgagee in possession of the Mortgaged Premises and the Lender shall not be under any obligation to take any action or exercise any remedy to enforce the performance of the obligations and liabilities under or in respect of the Collateral or the Contracts of the other parties thereto;
- (g) That the Borrower shall not, without the consent in writing of the Lender:
  - (i) assign, pledge, or hypothecate the Collateral or the Contracts other than to the Lender and shall not do or omit to do or permit any act to be done which either directly or indirectly has the effect of waiving, releasing, reducing or abating any rights, remedies or obligations of any party thereunder or in connection therewith;
  - (ii) terminate, accept a surrender of, or agree to any modification or amendment to any of the Collateral or any of the Contracts which would materially adversely change the obligations of the Borrower thereunder;
- (h) That the Borrower hereby agrees to execute such further assurances as may be reasonably required by the Lender from time to time to perfect this Assignment;
- (i) That this Assignment is taken by way of additional security only, and neither the taking of this Assignment nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Lender or the obligations of the Borrower under the Mortgage or any security collateral thereto;

- (j) That the rights and remedies given to the Lender hereunder shall be in addition to and not in substitution for and shall not in any way derogate from or delay or prejudice any rights or remedies to which the Lender may be entitled under the Mortgage or any security collateral thereto or by law;
  - (k) That such of the Collateral and the Contracts as are now in existence are in full force and effect;
  - (l) That to the best of the Borrower's knowledge, there is currently no default by any party to the Collateral or the Contracts under any term, condition or covenant required to be performed by it under such of the Collateral and the Contracts as are now in existence;
  - (m) That the Borrower has to date observed and performed all of its obligations under such of the Collateral and the Contracts as are now in existence and will continue hereafter to observe and perform all of its obligations under the Collateral and the Contracts;
  - (n) That the Borrower now has a good right, full power and absolute authority to assign the Collateral and the Contracts and the benefits thereof in the manner aforesaid according to the true intent and meaning of this Assignment.
2. Any notice, request, demand, consent, approval or other communication ("Notice") which a party is required or may desire to give to another party hereunder shall be in writing and shall be given by personal delivery or transmitted by facsimile, telex or other telegraphic or electronic communication which results in a written or printed notice being given, addressed as follows (or addressed to such other address as may be the subject of a Notice delivered hereunder):

If to the Borrower:

**CEANA DEVELOPMENT SUNRIDGE INC.**

#20, 1915 - 32<sup>nd</sup> Avenue N.E.  
Calgary, AB T2E 7C8

Fax: \_\_\_\_\_

If to the Lender:

**HILLSBORO VENTURES INC.**

927-7A Street N.W.  
Calgary, T2M 3J4


Fax: 403-770-8400

Any Notice given in connection with this Assignment, if delivered, shall be deemed to have been given on the day of delivery. Any Notice sent by facsimile, telex or other telegraphic or electronic communication shall be deemed to have been given on the business day next following the date of transmission.

IT IS AGREED that the expressions the "Borrower" and the "Lender" wherever used in these presents shall include and this Assignment shall be binding upon and enure to the benefit of the successors and assigns of the Borrower and the Lender respectively. Wherever the singular or masculine is used throughout this Assignment the same shall be construed as meaning the plural or the feminine or body corporate or politic wherever the context or the parties hereto so require.

IN WITNESS WHEREOF this Indenture has been executed the day and year first above written.

CEANA DEVELOPMENT SUNRIDGE INC.

Per: 

Per: \_\_\_\_\_  
(corporate seal)

**SCHEDULE "A"**

**PLAN 9811891**

**BLOCK 8**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**THIS IS EXHIBIT "C-7" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



## GUARANTEE OF MORTGAGE

WHEREAS CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter called the "Mortgagor" or the "Borrower") has applied to HILLSBORO VENTURES INC. (hereinafter called the "Mortgagee") for a loan of \$1,500,000.00 and has executed and delivered to the Mortgagee a mortgage of the land hereinafter described, dated the 1 day of NOV, 2017 (hereinafter called the "Mortgage") as security for the repayment of the said loan and interest thereon, the said land being described as follows, that is to say:

PLAN 9811891

BLOCK 8

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND WHEREAS BAHADUR GAIDHAR (hereinafter called the "Guarantor") has/have jointly and severally agreed to execute these presents in consideration of the advance of \$1,500,000.00 or any part thereof, by the Mortgagee to the Borrower, and in consideration of the sum of ONE DOLLAR (\$1.00), receipt and sufficiency whereof is acknowledged hereby.

NOW THEREFORE the Guarantor jointly and severally covenants and agrees to and with the Mortgagee as follows:

1. The Guarantor unconditionally, absolutely and irrevocably guarantees to the said Mortgagee the due performance and observance of all covenants, conditions, stipulations, indemnities and provisos contained in the Mortgage and any renewals thereof, and the due repayment of the said principal sum, interest, costs, and charges at the times and in the manner set out in the Mortgage and any renewals thereof, notwithstanding that the covenant to pay of the Borrower as contained in the Mortgage may become unenforceable according to law.
2. As between the Mortgagee and the Guarantor, the Guarantor is and shall continue to be liable as principal debtor under all the covenants contained in the Mortgage including any modifications, variations, renewals or extensions thereof, notwithstanding any transaction which may take place between the Mortgagee and the Borrower or any neglect or default of the Mortgagee which might otherwise operate as a discharge whether partial or absolute of the Guarantor if it were surety only of the Borrower, and without restricting the generality of the foregoing, notwithstanding the releasing in whole or in part of the properties and assets mortgaged or charged, or of the granting of time or other indulgence to the Borrower. The Mortgagee shall not require the consent of the Guarantor when making the aforesaid modifications, variations, renewals or extensions.
3. The Mortgagee in its absolute discretion or in the absolute discretion of any officer or agent, and without diminishing the liability of the Guarantor may grant time or other indulgence to the Borrower and any other person or persons now or hereafter liable to the Mortgagee in respect of the said principal monies and interest and may give up, modify, vary, exchange, renew or abstain from perfecting or taking any security or the advantage of any security or securities in whole or in part and may discharge any part or parts or accept any composition, or arrangements or realize any security or securities when and in such manner as the Mortgagee or any officer thereof may think expedient and in no case shall the Mortgagee be responsible for any neglect or omission with respect to such security or securities or the taking thereof. The Guarantor renounces all benefits of discussion and division. Any account settled or stated by or between the Mortgagee and the Borrower or admitted by or on behalf of the Borrower may be adduced by the Mortgagee and shall in that case be accepted by the Guarantor as conclusive evidence that the balance or amount thereof thereby appearing is due by the Borrower to the Mortgagee.

4. The Guarantor will not at any time claim to be subrogated in any manner to the position of the Mortgagee and will not claim the benefit of any security at any time held by the Mortgagee, provided however, that in the event of the Guarantor paying to the Mortgagee all the monies remaining unpaid then such Guarantor shall be entitled on demand made by them in writing to the Mortgagee to be subrogated and to the assignment of such security (excepting in any event any environmental indemnity) remaining in the Mortgagee at the time such notice is received by it.
5. The Mortgagee shall not be bound to exhaust its recourse against the Borrower or other parties or securities it may hold, or any of them before requiring payment of the Guarantor, and the Mortgagee may enforce the various remedies available to it and may realize upon the various securities or any part thereof in such order as the Mortgagee may determine.
6. This Guarantee shall be a continuing guarantee and shall apply to and secure any ultimate balance due and remaining unpaid to the Mortgagee by the Borrower even if, without the consent of the Guarantor, the term and/or amortization period of the Mortgage is extended or reduced in time or if the interest rate is decreased or increased.
7. No suit based on this Guarantee shall be instituted until demand for payment has been made upon the Guarantor. Demand shall be deemed to have been effectually made if and when an envelope containing such demand addressed to the Guarantor at the address of the Guarantor last known to the Mortgagee is delivered to the said address or four clear days after it is mailed postage prepaid in any Government Post Office.
8. If default shall occur under any of the security for the said loan, the Guarantor shall forthwith upon demand being made upon the Guarantor by the Mortgagee pay to the Mortgagee all principal, interest, costs and expenses due by virtue of this Guarantee or any of the security for the said loan.
9. Notwithstanding anything set out in any of the security for the said loan, the Mortgagee will not in any way be responsible for the performance of any covenants therein contained and in particular, but without limitation, will not in any way be responsible for either the holding or the supervision of the insurance policies required to be maintained under the covenants to insure contained in the said security, nor the verification of the compliance with respect to any such covenants to insure and that the Mortgagee's permissive power to place insurance on the assets mortgaged to it contained in the said security is in its sole and absolute discretion. The Guarantor acknowledges that the Mortgagee's action or lack of action in such holding, supervision, verification or in its permissive powers shall in no way diminish liability hereunder.
10. The Mortgagee, without the consent of the Guarantor, may assign in whole or in part the said loan, any of the security for the said loan and/or any security collateral thereto and the benefit of all covenants of the Guarantor as herein contained.
11. The Mortgagee shall not be concerned to see or inquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf and monies, advances, renewals or credits in fact borrowed or obtained from the Mortgagee in the professed exercise of such powers shall be deemed to form part of the liabilities hereby guaranteed even though the borrowing or obtaining of such monies, advances, renewals or credits was irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or of the directors, partners or agents thereof and notwithstanding that the Mortgagee has specific notice of the powers of the Borrower or the directors, partners or agents thereof.
12. This Guarantee shall not be discharged or otherwise affected by the death or loss of capacity of the Borrower, by any change in the name of the Borrower, or in the membership of the Borrower, if a

partnership, or in the objects, capital structure or constitution of the Borrower, if a corporation, or by the sale of the Borrower's business or enterprise or any part thereof or by the Borrower being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all guaranteed liabilities and obligations whether theretofore or thereafter incurred; and in the case of a change in the membership of a Borrower which is a partnership or in the case of the Borrower being amalgamated with a corporation, this guarantee shall apply to the liabilities of the resulting partnership or corporation, and the term "Borrower" shall include each such resulting partnership and corporation.

13. This Guarantee is binding whether or not any other Guarantors become liable to guarantee any part of the guaranteed obligations and this Guarantee is expressly not conditional upon the execution hereof by any other party and shall be binding upon the single Guarantor who signs notwithstanding non-execution thereof by the others.
14. In the event there is more than one Guarantor, the release of any of the Guarantors from liability shall not affect or diminish the liability of the remaining Guarantor or Guarantors, even if there are separate guarantees.
15. The omission of the Mortgagee to preserve its security or to file or record with any public office the security document or other instrument reserving title in or creating a lien or charge on property given to secure the payment of the aforesaid obligation or any irregularity or omission in the security documents shall not affect, discharge or lessen the liability of the Guarantor hereunder and further it is agreed that in the event the Mortgagee takes any steps to liquidate, protect or realize upon any such security or collateral, the Mortgagee shall not be under any liability to the Guarantor for any negligence on the part of the Mortgagee in so doing.
16. Notwithstanding the Borrower making an assignment for the benefit of creditors or becoming bankrupt or insolvent or taking the benefit of any law now or hereafter in force for bankrupt or insolvent debtors, and notwithstanding the extinguishing of the debt or obligations of the Borrower or the release or discharge of the Borrower pursuant to any applicable law, this Guarantee shall continue to be valid and of full force and effect and shall not be deemed to have been waived, released, discharged, impaired or affected thereby.
17. All debts and liabilities present and future of the Borrower to the Guarantor are hereby postponed to the aforesaid indebtedness of the Borrower to the Mortgagee and all monies received by the Guarantor, its heirs, executors, administrators, successors and assigns in respect thereof after default under the Mortgage shall be received as trustee for the Mortgagee and shall be paid to the Mortgagee upon its request.
18. In respect to any deficiency in the payment of the monies payable under the Mortgage and any renewals together with interest thereon and owing to the Mortgagee by the Borrower upon the Mortgagee exercising its rights under the Mortgage to realize upon the security thereof, the Guarantor further unconditionally guarantees to the Mortgagee the due and timely payment of such deficiency together with interest thereon at the rate provided for in the Mortgage notwithstanding that by operation of the law the covenant to pay in the Mortgage may be unenforceable against the Borrower.
19. In addition to any other amounts due or incurred herein, the Guarantor shall also pay to the Mortgagee all party and party costs, all solicitor and client costs (on a solicitor and his own client basis) and all legal and other expenses incurred by virtue of any demand, default or proceeding taken to realize on this Guarantee or any of the said security.

20. This Guarantee shall remain in full force and effect, unless a release in writing has been authorized and issued by the Mortgagee, and shall apply to any and all renewals and extensions of the term of the Mortgage and to any amendment or modification of the Mortgage whether made by the Mortgagor or any subsequent owner of the mortgaged lands, whether or not the Guarantor shall approve of or consent to any such renewal, extension, amendment or modification and whether or not the Guarantor shall have been notified of any such renewal, extension, amendment or modification; and this Guarantee shall apply to the Mortgage terms and conditions as renewed, extended, amended or modified (including without limitation any increase or decrease in the rate of interest payable in respect of the monies secured by the Mortgage) whether or not the Guarantor receives notice of or consents to those terms and conditions.
21. If and whenever the liability of the Guarantor hereunder shall be limited, then and in that event any sale of the assets or any part thereof which are charged by the Mortgage (including any sale of mortgaged lands) shall not act as a reduction of the liability of the Guarantor under this Guarantee or under any judgement obtained by the Mortgagee so long as there are monies due and owing to the Mortgagee after application of any sale proceeds or other monies which have been realized or which are deemed to have been realized by operation of law or otherwise. Accordingly, if the Mortgagee chooses to realize on the Mortgage either prior to or after obtaining a judgment under this Guarantee, the liability of the Guarantor shall always be for the last monies which are due and owing to the Mortgagee.
22. The Guarantor acknowledges the advice of the Mortgagee to obtain independent legal advice in respect of the granting of this Guarantee.
23. This Guarantee shall be construed in accordance with the laws of the Province of Alberta.
24. This Guarantee and Agreement shall extend to and enure to the benefit of the Mortgagee and its successors and assigns and reference herein to the undersigned or to the Guarantor is a reference to and shall be construed as including their heirs, administrators, executors and assigns.
25. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context is so required and in any case where this instrument is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several and their heirs and executors, administrators, successors and assigns of any party executing this instrument are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.
26. The Guarantor does hereby irrevocably submit and attorn to the non exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee; waives all right to object to jurisdiction or execution in any legal action or proceeding relative to this Guarantee which the Guarantor may now or hereafter have by reason of domicile or otherwise; waives any objection to the laying of venue in such courts of any actions, suits or proceedings arising out of or in connection with this Guarantee; waives and agrees not to plead or claim that any action, suit or proceeding in such courts has been brought in an inconvenient forum; and waives any right the Guarantor may have to, or to apply for, trial by jury in conjunction with any matter, action, proceeding, claim or counterclaim arising out of or pursuant to this Guarantee.
27. If as a result of any payment by Guarantor hereunder whether in respect of principal, interest, interest on overdue interest, fees or other payment obligations, the Mortgagee is required to pay tax under Part XIII of the *Income Tax Act* (Canada) or any other legislation, then Guarantor will, upon

demand by the Mortgagee, and whether or not such taxes are correctly or legally asserted, indemnify the Mortgagee for the payment of any such taxes, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by Guarantor on demand and shall bear interest at the same rate as the other monies due hereunder calculated from the date incurred by the Mortgagee to the date paid by the Guarantor.

IN WITNESS WHEREOF the Guarantor has executed these presents this 1 day of  
NOV -, 2017.

WITNESS

BAHADUR GAIDHAR

**GUARANTEES ACKNOWLEDGMENT ACT**  
(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

- 1 **BAHADUR GAIDHAR**, the guarantor in the guarantee dated the 1 day of NOV, 2017 made between **HILLSBORO VENTURES INC.** and **BAHADUR GAIDHAR** which this certificate is attached to or noted on, 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.

**KHALIL HAJI**  
*Barrister and Solicitor*

CERTIFIED by \_\_\_\_\_ (print name), Lawyer at the City of Calgary,  
in the Province of Alberta, this 1 day of NOV, 2017.

\_\_\_\_\_  
SIGNATURE of Lawyer

**STATEMENT OF GUARANTOR**

I am the person named in this certificate.

\_\_\_\_\_  
**BAHADUR GAIDHAR**  
Signature of Guarantor

**LAWYER CERTIFICATION**

**KHALIL HAJI**  
*Barrister and Solicitor*

I, \_\_\_\_\_ the aforesaid Lawyer certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Guarantor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
  - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
  - ~~or~~
  - (ii) ~~made in a jurisdiction other than Alberta, and I am a lawyer entitled to practice law in that jurisdiction.~~

Dated the 1 day of NOV, 2017.

\_\_\_\_\_  
Signature of Lawyer

THIS IS EXHIBIT "C-8" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

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**TERRY TROJANSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 1, 2021  
Appointee No. 0736887

## GUARANTEE OF MORTGAGE

WHEREAS CEANA DEVELOPMENT SUNRIDGE INC. (hereinafter called the "Mortgagor" or the "Borrower") has applied to HILLSBORO VENTURES INC. (hereinafter called the "Mortgagee") for a loan of \$1,500,000.00 and has executed and delivered to the Mortgagee a mortgage of the land hereinafter described, dated the 1 day of Nov, 2017 (hereinafter called the "Mortgage") as security for the repayment of the said loan and interest thereon, the said land being described as follows, that is to say:

PLAN 9811891

BLOCK 8

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND WHEREAS YASMIN GAIDHAR (hereinafter called the "Guarantor") has/have jointly and severally agreed to execute these presents in consideration of the advance of \$1,500,000.00 or any part thereof, by the Mortgagee to the Borrower, and in consideration of the sum of ONE DOLLAR (\$1.00), receipt and sufficiency whereof is acknowledged hereby.

NOW THEREFORE the Guarantor jointly and severally covenants and agrees to and with the Mortgagee as follows:

1. The Guarantor unconditionally, absolutely and irrevocably guarantees to the said Mortgagee the due performance and observance of all covenants, conditions, stipulations, indemnities and provisos contained in the Mortgage and any renewals thereof, and the due repayment of the said principal sum, interest, costs and charges at the times and in the manner set out in the Mortgage and any renewals thereof, notwithstanding that the covenant to pay of the Borrower as contained in the Mortgage may become unenforceable according to law.
2. As between the Mortgagee and the Guarantor, the Guarantor is and shall continue to be liable as principal debtor under all the covenants contained in the Mortgage including any modifications, variations, renewals or extensions thereof, notwithstanding any transaction which may take place between the Mortgagee and the Borrower or any neglect or default of the Mortgagee which might otherwise operate as a discharge whether partial or absolute of the Guarantor if it were surety only of the Borrower, and without restricting the generality of the foregoing, notwithstanding the releasing in whole or in part of the properties and assets mortgaged or charged, or of the granting of time or other indulgence to the Borrower. The Mortgagee shall not require the consent of the Guarantor when making the aforesaid modifications, variations, renewals or extensions.
3. The Mortgagee in its absolute discretion or in the absolute discretion of any officer or agent, and without diminishing the liability of the Guarantor may grant time or other indulgence to the Borrower and any other person or persons now or hereafter liable to the Mortgagee in respect of the said principal monies and interest and may give up, modify, vary, exchange, renew or abstain from perfecting or taking any security or the advantage of any security or securities in whole or in part and may discharge any part or parts or accept any composition, or arrangements or realize any security or securities when and in such manner as the Mortgagee or any officer thereof may think expedient and in no case shall the Mortgagee be responsible for any neglect or omission with respect to such security or securities or the taking thereof. The Guarantor renounces all benefits of discussion and division. Any account settled or stated by or between the Mortgagee and the Borrower or admitted by or on behalf of the Borrower may be adduced by the Mortgagee and shall in that case be accepted by the Guarantor as conclusive evidence that the balance or amount thereof thereby appearing is due by the Borrower to the Mortgagee.



4. The Guarantor will not at any time claim to be subrogated in any manner to the position of the Mortgagee and will not claim the benefit of any security at any time held by the Mortgagee, provided however, that in the event of the Guarantor paying to the Mortgagee all the monies remaining unpaid then such Guarantor shall be entitled on demand made by them in writing to the Mortgagee to be subrogated and to the assignment of such security (excepting in any event any environmental indemnity) remaining in the Mortgagee at the time such notice is received by it.
5. The Mortgagee shall not be bound to exhaust its recourse against the Borrower or other parties or securities it may hold, or any of them before requiring payment of the Guarantor, and the Mortgagee may enforce the various remedies available to it and may realize upon the various securities or any part thereof in such order as the Mortgagee may determine.
6. This Guarantee shall be a continuing guarantee and shall apply to and secure any ultimate balance due and remaining unpaid to the Mortgagee by the Borrower even if, without the consent of the Guarantor, the term and/or amortization period of the Mortgage is extended or reduced in time or if the interest rate is decreased or increased.
7. No suit based on this Guarantee shall be instituted until demand for payment has been made upon the Guarantor. Demand shall be deemed to have been effectually made if and when an envelope containing such demand addressed to the Guarantor at the address of the Guarantor last known to the Mortgagee is delivered to the said address or four clear days after it is mailed postage prepaid in any Government Post Office.
8. If default shall occur under any of the security for the said loan, the Guarantor shall forthwith upon demand being made upon the Guarantor by the Mortgagee pay to the Mortgagee all principal, interest, costs and expenses due by virtue of this Guarantee or any of the security for the said loan.
9. Notwithstanding anything set out in any of the security for the said loan, the Mortgagee will not in any way be responsible for the performance of any covenants therein contained and in particular, but without limitation, will not in any way be responsible for either the holding or the supervision of the insurance policies required to be maintained under the covenants to insure contained in the said security, nor the verification of the compliance with respect to any such covenants to insure and that the Mortgagee's permissive power to place insurance on the assets mortgaged to it contained in the said security is in its sole and absolute discretion. The Guarantor acknowledges that the Mortgagee's action or lack of action in such holding, supervision, verification or in its permissive powers shall in no way diminish liability hereunder.
10. The Mortgagee, without the consent of the Guarantor, may assign in whole or in part the said loan, any of the security for the said loan and/or any security collateral thereto and the benefit of all covenants of the Guarantor as herein contained.
11. The Mortgagee shall not be concerned to see or inquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf and monies, advances, renewals or credits in fact borrowed or obtained from the Mortgagee in the professed exercise of such powers shall be deemed to form part of the liabilities hereby guaranteed even though the borrowing or obtaining of such monies, advances, renewals or credits was irregularly, fraudulently, defectively or informally effected or in excess of the powers of the Borrower or of the directors, partners or agents thereof and notwithstanding that the Mortgagee has specific notice of the powers of the Borrower or the directors, partners or agents thereof.
12. This Guarantee shall not be discharged or otherwise affected by the death or loss of capacity of the Borrower, by any change in the name of the Borrower, or in the membership of the Borrower, if a

partnership, or in the objects, capital structure or constitution of the Borrower, if a corporation, or by the sale of the Borrower's business or enterprise or any part thereof or by the Borrower being amalgamated with a corporation, but shall, notwithstanding any such event, continue to apply to all guaranteed liabilities and obligations whether theretofore or thereafter incurred; and in the case of a change in the membership of a Borrower which is a partnership or in the case of the Borrower being amalgamated with a corporation, this guarantee shall apply to the liabilities of the resulting partnership or corporation, and the term "Borrower" shall include each such resulting partnership and corporation.

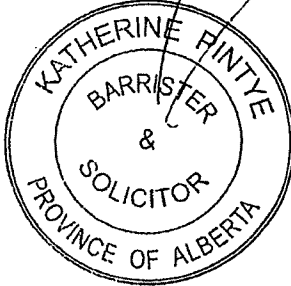
13. This Guarantee is binding whether or not any other Guarantors become liable to guarantee any part of the guaranteed obligations and this Guarantee is expressly not conditional upon the execution hereof by any other party and shall be binding upon the single Guarantor who signs notwithstanding non-execution thereof by the others.
14. In the event there is more than one Guarantor, the release of any of the Guarantors from liability shall not affect or diminish the liability of the remaining Guarantor or Guarantors, even if there are separate guarantees.
15. The omission of the Mortgagee to preserve its security or to file or record with any public office the security document or other instrument reserving title in or creating a lien or charge on property given to secure the payment of the aforesaid obligation or any irregularity or omission in the security documents shall not affect, discharge or lessen the liability of the Guarantor hereunder and further it is agreed that in the event the Mortgagee takes any steps to liquidate, protect or realize upon any such security or collateral, the Mortgagee shall not be under any liability to the Guarantor for any negligence on the part of the Mortgagee in so doing.
16. Notwithstanding the Borrower making an assignment for the benefit of creditors or becoming bankrupt or insolvent or taking the benefit of any law now or hereafter in force for bankrupt or insolvent debtors, and notwithstanding the extinguishing of the debt or obligations of the Borrower or the release or discharge of the Borrower pursuant to any applicable law, this Guarantee shall continue to be valid and of full force and effect and shall not be deemed to have been waived, released, discharged, impaired or affected thereby.
17. All debts and liabilities present and future of the Borrower to the Guarantor are hereby postponed to the aforesaid indebtedness of the Borrower to the Mortgagee and all monies received by the Guarantor, its heirs, executors, administrators, successors and assigns in respect thereof after default under the Mortgage shall be received as trustee for the Mortgagee and shall be paid to the Mortgagee upon its request.
18. In respect to any deficiency in the payment of the monies payable under the Mortgage and any renewals together with interest thereon and owing to the Mortgagee by the Borrower upon the Mortgagee exercising its rights under the Mortgage to realize upon the security thereof, the Guarantor further unconditionally guarantees to the Mortgagee the due and timely payment of such deficiency together with interest thereon at the rate provided for in the Mortgage notwithstanding that by operation of the law the covenant to pay in the Mortgage may be unenforceable against the Borrower.
19. In addition to any other amounts due or incurred herein, the Guarantor shall also pay to the Mortgagee all party and party costs, all solicitor and client costs (on a solicitor and his own client basis) and all legal and other expenses incurred by virtue of any demand, default or proceeding taken to realize on this Guarantee or any of the said security.

20. This Guarantee shall remain in full force and effect, unless a release in writing has been authorized and issued by the Mortgagee, and shall apply to any and all renewals and extensions of the term of the Mortgage and to any amendment or modification of the Mortgage whether made by the Mortgagor or any subsequent owner of the mortgaged lands, whether or not the Guarantor shall approve of or consent to any such renewal, extension, amendment or modification and whether or not the Guarantor shall have been notified of any such renewal, extension, amendment or modification; and this Guarantee shall apply to the Mortgage terms and conditions as renewed, extended, amended or modified (including without limitation any increase or decrease in the rate of interest payable in respect of the monies secured by the Mortgage) whether or not the Guarantor receives notice of or consents to those terms and conditions.
21. If and whenever the liability of the Guarantor hereunder shall be limited, then and in that event any sale of the assets or any part thereof which are charged by the Mortgage (including any sale of mortgaged lands) shall not act as a reduction of the liability of the Guarantor under this Guarantee or under any judgement obtained by the Mortgagee so long as there are monies due and owing to the Mortgagee after application of any sale proceeds or other monies which have been realized or which are deemed to have been realized by operation of law or otherwise. Accordingly, if the Mortgagee chooses to realize on the Mortgage either prior to or after obtaining a judgment under this Guarantee, the liability of the Guarantor shall always be for the last monies which are due and owing to the Mortgagee.
22. The Guarantor acknowledges the advice of the Mortgagee to obtain independent legal advice in respect of the granting of this Guarantee.
23. This Guarantee shall be construed in accordance with the laws of the Province of Alberta.
24. This Guarantee and Agreement shall extend to and enure to the benefit of the Mortgagee and its successors and assigns and reference herein to the undersigned or to the Guarantor is a reference to and shall be construed as including their heirs, administrators, executors and assigns.
25. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context is so required and in any case where this instrument is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several and their heirs and executors, administrators, successors and assigns of any party executing this instrument are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.
26. The Guarantor does hereby irrevocably submit and attorn to the non exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Guarantee; waives all right to object to jurisdiction or execution in any legal action or proceeding relative to this Guarantee which the Guarantor may now or hereafter have by reason of domicile or otherwise; waives any objection to the laying of venue in such courts of any actions, suits or proceedings arising out of or in connection with this Guarantee; waives and agrees not to plead or claim that any action, suit or proceeding in such courts has been brought in an inconvenient forum; and waives any right the Guarantor may have to, or to apply for, trial by jury in conjunction with any matter, action, proceeding, claim or counterclaim arising out of or pursuant to this Guarantee.
27. If as a result of any payment by Guarantor hereunder whether in respect of principal, interest, interest on overdue interest, fees or other payment obligations, the Mortgagee is required to pay tax under Part XIII of the *Income Tax Act* (Canada) or any other legislation, then Guarantor will, upon

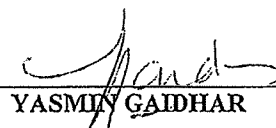
demand by the Mortgagee, and whether or not such taxes are correctly or legally asserted, indemnify the Mortgagee for the payment of any such taxes, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by Guarantor on demand and shall bear interest at the same rate as the other monies due hereunder calculated from the date incurred by the Mortgagee to the date paid by the Guarantor.

IN WITNESS WHEREOF the Guarantor has executed these presents this 1 day of Nov, 2017.

WITNESS



KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

  
YASMIN GAIDHAR

**GUARANTEES ACKNOWLEDGMENT ACT**  
(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

- 1 **YASMIN GAIDHAR**, the guarantor in the guarantee dated the 1 day of Nov, 2017 made between **HILLSBORO VENTURES INC.** and **YASMIN GAIDHAR** which this certificate is attached to or noted on, 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.

CERTIFIED by Katherine Pintye (print name), Lawyer at the City of Calgary, in the Province of Alberta, this 1 day of Nov, 2017.

SIGNATURE of Lawyer

**KATHERINE PINTYE**  
*Barrister and Solicitor*  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

**STATEMENT OF GUARANTOR**

I am the person named in this certificate.

YASMIN GAIDHAR  
Signature of Guarantor

**LAWYER CERTIFICATION**

I, Katherine Pintye the aforesaid Lawyer certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Guarantor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:

(i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended; KP - 1/11/17

or

~~(ii) made in a jurisdiction other than Alberta, and I am a lawyer entitled to practice law in that jurisdiction. KP 1/11/17~~

Dated the 1 day of Nov, 2017.

Signature of Lawyer

**KATHERINE PINTYE**  
*Barrister and Solicitor*  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

**THIS IS EXHIBIT "C-9" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

**in and for the Province of Alberta**

\_\_\_\_\_  
**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**MORTGAGE IN SUPPORT OF UNLIMITED GUARANTEE OF MORTGAGE DEBT**

**WHEREAS, BAHADUR GAIDHAR and YASMIN GAIDHAR** (hereinafter collectively called "the Mortgagor") is the registered owner of an estate in fee simple in possession in all that piece of land described as follows:

**PLAN 0112710**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**AREA: 4.11 HECTARES (10.16 ACRES) MORE OR LESS**

**WHEREAS** in consideration of **HILLSBORO VENTURES INC.** having an office at 927 7A Street N.W. Calgary, T2M 3J4, (hereinafter called "the Mortgagee") dealing with **CEANA DEVELOPMENT SUNRIDGE INC.**, (hereinafter referred to as "the Customer"), the Mortgagor has guaranteed payment to the Mortgagee of certain debts and liabilities of the Customer under the said Guarantee, dated the 1 day of Nov, 2017, a copy of which is attached hereto; and,

**WHEREAS** for the same consideration as aforesaid the Mortgagor has agreed to grant to the Mortgagee this Mortgage as additional and collateral security for the observance and performance of his obligations, covenants and agreement to guarantee as set forth in the said guarantee; provided this Mortgage shall be limited to the principal sum of ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000.00) DOLLARS together with interest thereon at the rate pursuant to the mortgage evidencing the debt with the Customer, or as may be provided for in agreements between the Customer and the Mortgagee, or any and all amendments to, substitutions for, or renewals of the said mortgage.

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH THAT IN CONSIDERATION OF AND PURSUANT TO THE PREMISES**, and for other good and valuable consideration, the Mortgagor does hereby mortgage and charge unto the Mortgagee, its successors and assigns, its entire right, title, estate and interest in and to the said lands as additional and collateral security for the observance and performance by the Mortgagor of its obligations, covenants and agreements as the same are set forth in the said guarantee up to the sum of ONE MILLION FIVE HUNDRED THOUSAND (\$1,500,000.00) DOLLARS, together with interest thereon at the rate provided for in the mortgage between the Customer and the Mortgagee, or any and all amendments to, substitutions for, or renewals of the said mortgage.

**PROVIDED** this Mortgage to be void upon the observance and performance by the Mortgagor of its obligations, covenants and agreements as the same are set forth in the said guarantee and upon payment of all moneys in respect of which the Mortgagor shall be under any liability to pay under the said guarantee and of all such other sums as the Mortgagee may be entitled to by virtue of these presents, with interest at the aforesaid rate, all of such moneys to become payable by the Mortgagor to the Mortgagee on demand therefore having been made by the Mortgagee.

**IT IS AGREED THAT** the taking of this security shall not operate as a merger of the remedies of the Mortgagee for payment of the indebtedness of the Customer or of the remedies of the Mortgagee under the said guarantee, and notwithstanding these presents and anything herein contained the said remedies shall remain intact and be capable of enforcement against the Customer and the Mortgagor and all other persons liable in respect thereof in the same manner and to the same extent as if these presents had not been executed, and that these presents are and shall be a continuing security to the Mortgagee for the amount of the said liability under the said guarantee and interest thereon, and that this Mortgage shall be deemed to be taken as security for the ultimate balance of the said liability under the said guarantee.

**IT IS AGREED THAT**, notwithstanding any change in the nature or form of the indebtedness or in the bills, notes, guarantees, obligations or securities now or from time to time held by the Mortgagee or representing the same, or any part thereof, or in the names of the parties to the said bills, notes, guarantees, obligations or securities or in the persons comprising any firm or in the name of any firm and notwithstanding the opening of any new account and the closing in the books of the Mortgagee of any other account representing the same, and notwithstanding any variation from time to time made by the Mortgagee in any agreement or arrangement with any person, firm or corporation, liable directly or indirectly for the indebtedness or any part thereof or the granting of extensions of time to or otherwise dealing with any such person, firm or corporation, this Mortgage shall continue as security for the liability, indebtedness and all other sums intended to be secured hereby.

**AND IT IS FURTHER AGREED THAT** any and all payments made in respect of any moneys hereby secured and the moneys or other proceeds realized from any securities held therefor (including this Mortgage) may be applied and re-applied notwithstanding any previous application, on such part or parts of the said liability under the said guarantee as the Mortgagee may see fit.

**THE MORTGAGOR COVENANTS** with the Mortgagee that he will pay the mortgage money and interest, that the mortgagor has a good title in fee simple to the said lands, and that he has the right to mortgage and charge the said lands in favour of the Mortgagee, and that on default the Mortgagee shall have quiet possession of the said lands free from all encumbrances; and that the Mortgagor will execute such further assurances of the said lands as may be requisite; and the Mortgagor will insure the buildings on the said lands to the amount of not less than their full insurable value in dollars of lawful money of Canada.

**IT IS AGREED THAT**, notwithstanding the foregoing, evidence of continuation of such insurance having been effected shall be produced to the Mortgagee at least three days before the expiration thereof; otherwise the Mortgagee may provide therefor and charge the premium paid therefor and interest thereon at the rate aforesaid to the Mortgagor and the same shall be payable forthwith and shall also be a charge upon the said lands. It is further agreed that the Mortgagee may require any insurance of the said buildings to be cancelled and a new insurance effected through an agency and with a company to be named by it, and also may of its own accord and without reference to the Mortgagor cancel any existing policy of insurance and may effect or maintain any insurance herein provided for in such companies and through such agencies as it may see fit, and any amount paid by it therefor shall be forthwith payable to it with interest at the rate aforesaid by the Mortgagor and shall be a charge upon the said lands. The Mortgagee shall be named as beneficiary in all insurance contracts effected by the Mortgagor, and the Mortgagor agrees, upon demand, to transfer all policies and insurance effected upon the buildings, erections or fixtures (erected or to be erected) on the said lands with the Mortgagee's mortgage clause attached and the indemnity which may become due therefrom, and the Mortgagee shall have a lien for its mortgage debt on all insurance on the said buildings, erections or fixtures whether effected under any covenant herein or otherwise and all moneys received by virtue of any policy or policies may, at the option of the Mortgagee, either be applied in whole or in part on suspense account or in or towards substantially rebuilding, re-installing and repairing the said lands or in whole or in part in or towards payment of any portion of the liability, indebtedness or other moneys hereby secured, or may be paid over in whole or in part to it the Mortgagor or his assigns, and in such case shall not be credited on the mortgage account.

**THE MORTGAGOR COVENANTS** that he will pay all taxes, rates and other impositions whatsoever already charged or hereafter to be charged by any authority on the Mortgaged lands as and when they shall fall due and that he will, within one month from the date fixed for the payment of the last instalment of such taxes, rates and other impositions, in each year furnish the Mortgagee with receipted tax bills showing all such taxes, rates and other impositions for the year paid.



**IT IS HEREBY** declared and agreed that all erections, machinery, plant, buildings and improvements, fixed or otherwise, now or hereafter placed upon the said lands are and shall, immediately on being placed upon the said lands, become fixtures and a part of the said lands and form a part of this security.

**THAT FROM AND AFTER** default shall be made by the Mortgagor in respect of any of his obligations, covenants and agreements as set forth in the said guarantee then it shall and may be lawful to and for the Mortgagee, its successors and assigns, to peaceably and quietly enter into, have, hold, use, occupy, possess and enjoy the said lands hereby mortgaged or mentioned or intended so to be with their appurtenances without the let, suit, hindrance, interruption or denial of the Mortgagor, his successors or assigns, or any other person or persons whomsoever.

**THAT FROM AND AFTER** default shall be made by the Mortgagor in respect of any of his obligations, covenants and agreements as set forth in the said guarantee then the Mortgagor, his successors and assigns and all and every other person or persons whomsoever having or lawfully claiming or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the said lands hereby mortgaged or mentioned or intended so to be with the appurtenances or any part thereof by, from, under or in trust for it the said Mortgagor shall and will from time to time and at all times thereafter at the proper cost and charges of the Mortgagor, his successors and assigns, or any other person or persons whomsoever, and all persons claiming through or under him as aforesaid, make do, suffer and execute or cause or procure to be made, done, suffered and executed all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying the said lands with the appurtenances unto the Mortgagee, its successors and assigns, in such manner or way as its counsel learned in the law shall or may lawfully and reasonably advise or require.

**THAT ON THE DEFAULT** of the Mortgagor in respect of any of his aforesaid covenants and agreements to guarantee, the Mortgagee may, after giving seven clear days notice of its intention (which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notices of intention to file a certificate in respect of a power of attorney), lease, sell (by public auction and/or private contract) and convey the said lands without entering into possession of the same, and that when any notice is required to be given under any power herein expressed or implied, or permitted or required under any statute the same may be effectually given by addressing the same to the Mortgagor (or the then registered owner of the said lands) at the address shown on the Certificate of Title and the foregoing shall be sufficient though not addressed to persons by name or designation, and notwithstanding any person or persons to be affected thereby may be unknown, unascertained or under disability and such notice shall be sufficient though not otherwise addressed than "To Whom it May Concern". And that on such default a sale or lease may be made hereunder without notice and that no want of notice or publication when required hereby by any statute or any other impropriety or irregularity shall invalidate any sale made or purporting to be made hereunder, but the Mortgagee alone shall be responsible and the said powers may be exercised by successors and/or assigns of the Mortgagee and against the successors and assigns of the Mortgagor and in the event of a sale on credit or for part cash and part credit the Mortgagee shall not be accountable for or charged with any moneys until actually received and for any such purposes the Mortgagee may make and execute all agreements and assurances as it shall think fit. Nothing herein affects the Mortgagee's right to take foreclosure proceedings in accordance with the provisions of the laws of the Province of Alberta.

**AS FURTHER ASSURANCE** to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the land in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all

rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

**IN THE EVENT** the mortgaged property becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the Condominium Corporation from time to time in force.
- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the Condominium Corporation in respect of the Unit charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may pay the assessments, and any assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the Condominium Corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the Condominium Corporation:
  - (i) in all cases in which a Unanimous Resolution is required by the *Condominium Act* of Alberta, as amended, the By-Laws of the Corporation or any Agreement with the Condominium Corporation;
  - (ii) in all other cases other than as referred to in (i) of this clause provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the Condominium Corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five (5) days prior to each and every general meeting of the Condominium Corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the Condominium

Corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the Condominium Corporation as the Mortgagor may from time to time receive.

- (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, contribution, charge, fine or levy in respect of a unit and paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.
- (h) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever.

THAT THE Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (a) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the lands, save and except as disclosed to the Mortgagee in writing;
- (b) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (c) it shall not allow the lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (d) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the lands in accordance with the terms hereof, the Mortgagor shall:
  - (i) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (ii) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
- (e) Without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the lands, the Mortgagor shall:
  - (i) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
  - (ii) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.

**"HAZARDOUS SUBSTANCES"** means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (a) radioactive materials;
- (b) explosives;
- (c) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
- (d) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
  - (i) endangers the health, safety or welfare of persons or the health of animal life;
  - (ii) interferes with normal enjoyment of life or property; or
  - (iii) causes damage to plant life or to property;
- (e) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
- (f) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the lands.

The Mortgagor hereby indemnifies and saves harmless the Mortgagee and its successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (c) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the lands either onto any lands (including the secured lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the Mortgage or any collateral security and the full repayment of the Mortgage monies.

**IT IS AGREED BETWEEN** the parties hereto that the Mortgagee may pay and satisfy the whole or any part of any liens, taxes, rates, charges or encumbrances now or hereafter existing or claimed in respect of the mortgaged premises or in respect of the principal money or interest hereby secured and that such payments together with all costs, charges and expenses (as between solicitor and his own client), which may be incurred in taking, recovering and keeping possession of the said lands and of

inspecting the same, and of negotiating this mortgage, investigating title and preparing and registering this mortgage and other necessary deeds and generally in any other proceedings taken in connection with or to realize the money hereby secured shall be added to the moneys hereby secured and shall be a charge on the said lands and shall be payable forthwith with interest at the rate aforesaid and in default the money secured by this Mortgage shall immediately become due and payable at the option of the Mortgagee, and all powers hereby conferred shall become exercisable. In the event of the Mortgagee satisfying any such lien, charge or encumbrance it shall be entitled to all the equities and securities of the person or persons so paid off and it is hereby authorized to retain any discharge thereof without registration for so long as it may think fit so to do.

**PROVIDED THAT** the Mortgagee may at its discretion at all times release any part or parts of the said lands, either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the said lands or any person from this Mortgage or from any of the covenants herein or in the said guarantee contained and without being accountable to the Mortgagor for the value thereof or for any money except that actually received by the Mortgagee; it being expressly agreed that every part or lot into which the mortgaged lands are or may hereafter be divided does and shall stand charged with the whole money and liability hereby secured; and that the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Customer, the Mortgagor and all other persons and securities as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage or the said guarantee.

**THAT THE MORTGAGOR** covenants with the Mortgagee that he will keep the said lands and buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively, and that the Mortgagee may whenever it deems necessary by its agent enter upon and inspect the said lands, and the reasonable cost of such inspection shall be added to the mortgage debt, and that if the Mortgagor neglects to keep the said lands in good condition and repair or commit or permit any act of waste of the said lands (as to which the Mortgagee shall be sole judge) or make default as to any of the covenants or provisos contained herein or in any mortgage to which this Mortgage is subject or upon discovery by the Mortgagee that any covenant is untrue or upon registration of any Builders' Lien against the said lands or upon the Mortgagor allowing any buildings erected upon the said lands to remain unfinished without any work being done thereon for ten days, the principal money hereby secured shall, at the option of the Mortgagee, forthwith become due and payable, and in default of payment of same with interest the powers of entering upon and leasing or selling hereby given it may be exercised forthwith and the Mortgagee may make such repairs as it deems necessary and the cost thereof shall be payable by the Mortgagor forthwith and shall be a charge upon the said lands prior to all claims thereon subsequent to these presents and shall bear interest at the rate aforesaid until paid.

**IT IS FURTHER UNDERSTOOD AND AGREED** that any default by the Customer or by the Mortgagor under any security now or hereafter held or acquired by the Mortgagee to secure the sum or liability hereby secured shall, at the election of the Mortgagee be deemed to be an act of default hereunder and entitle the Mortgagee to exercise all remedies and security hereby conferred or granted in respect of realizing or collecting the full balance of the aforesaid sum secured hereby or any part thereof outstanding, together with all interest and costs then outstanding and all other moneys hereby secured.

**PROVIDED THAT** the taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest at the rate and times herein provided and further that any such judgment may provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

**NOTWITHSTANDING** any provisions of the *Land Titles Act* or of any other law or statute to a similar effect which is now or may hereafter be in force in the Province of Alberta, the taking by the Mortgagee of an order for foreclosure of the Mortgagor's interest in the said lands or any part thereof shall not operate as full satisfaction of the debt or liability hereby secured, and the Mortgagee may at all times proceed with a view to obtaining payment, through the Courts or otherwise, of the indebtedness guaranteed by the Mortgagor as fully and effectually as if this Mortgage had not been granted.

**AND FOR THE** better securing to the Mortgagee the observance and performance of the covenants and obligations of the Mortgagor to guarantee payment of the indebtedness to the Mortgagee as set forth in the said guarantee, the Mortgagor does hereby mortgage to the said Mortgagee all of his estate and interest in and to the said lands.

**PROVIDED THAT** all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee shall be equally secured to and exercisable by its successors and assigns; that all covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall be equally binding upon his successors and assigns; that time shall be of the essence hereof; and that all provisions hereof shall have effect any statute to the contrary notwithstanding.

**THE MORTGAGOR** hereby covenants to perform, and observe and satisfy all the terms, covenants and conditions to be performed and observed by the mortgagors under the terms of any prior Mortgages, Agreements for Sale or other charges (hereinafter called the "prior mortgage") registered against the title to the subject property. It is expressly agreed and understood by the Mortgagors that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then the Mortgagors shall be deemed to be in default of the terms of this Mortgage and shall be deemed to owe the Mortgagee pursuant to the Guarantee an amount equal to the sum owed by the Customer to the Mortgagee at the time of realization against the charged lands pursuant to any foreclosure action whether by the Mortgagee or the holder of prior mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the mortgaged lands and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of any other monies payable hereunder.

**IN WITNESS WHEREOF** the Mortgagor has duly executed these presents on this 1 day of Nov, 2017.

WITNESS

BAHADUR GAIDHAR

WITNESS

YASMIN GAIDHAR

KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

## AFFIDAVIT OF EXECUTION

**AFFIDAVIT OF EXECUTION**

	)	KHALIL HAJI <i>Barrister and Solicitor</i>	
CANADA	)	I, _____	OF
	)	THE City of Calgary, in the Province of	
PROVINCE OF ALBERTA	)	Alberta, MAKE OATH AND SAY	
	)		
TO WIT:	)		

1. That I was personally present and did see **BAHADUR GAIDHAR** named in the within Instrument, who is (are) personally known to be to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
2. That the same was executed at the City of Calgary in the Province of Alberta and I am the subscribing witness thereto.
3. That I know the said party/parties and he (she each) is/are in my belief of the full age of eighteen years

SWORN BEFORE ME at the City of Calgary,  
in the Province of Alberta, this 1 day of  
Nov., 2017.

A Commissioner for Oaths in/and for Alberta

AMANDA LUONG  
A Commissioner for Oaths  
in and for Alberta  
My Appointment Expires June 21, 2019

**AFFIDAVIT OF EXECUTION**

CANADA ) I, Katherine Pintye, OF  
 ) THE City of Calgary, in the Province of  
 ) Alberta, MAKE OATH AND SAY  
PROVINCE OF ALBERTA )  
 )  
 )  
TO WIT: )

1. That I was personally present and did see **YASMIN GAIDHAR** named in the within Instrument, who is (are) personally known to be to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
2. That the same was executed at the City of Calgary in the Province of Alberta and I am the subscribing witness thereto.
3. That I know the said party/parties and he (she each) is/are in my belief of the full age of eighteen years

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 1<sup>st</sup> day of )  
November, 2017. )

h )  
 )  
 )  
 )  
 )  
A Commissioner for Oaths in and for Alberta )

**SHINY CHHINA**  
Student-at-Law  
Commissioner for Oaths  
In and for the Province of Alberta

Katherine Pintye  
**KATHERINE PINTYE**  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
101 3536 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-251-2532



**GUARANTEES ACKNOWLEDGMENT ACT**

(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

- 1 **BAHADUR GAIDHAR**, a mortgagor in the mortgage dated the 1 day of NOV, 2017 made between **BAHADUR GAIDHAR** and **HILLSBORO VENTURES INC.**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the mortgage.
- 2 I satisfied myself by examination of the mortgagor that he/she is aware of the contents of the mortgage and understands it.

CERTIFIED by KHALIL HAJI  
Barrister and Solicitor (print name), Barrister and Solicitor at the  
City of Calgary, in the Province of Alberta, this 1 day of  
NOV, 2017.

KH  
SIGNATURE

**STATEMENT OF MORTGAGOR**

I am the person named in this certificate.

[Signature]  
Signature of Mortgagor

**LAWYER CERTIFICATION**

KHALIL HAJI  
Barrister and Solicitor  
I, \_\_\_\_\_ the aforesaid Barrister and Solicitor certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Mortgagor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
  - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
  - or
  - (ii) ~~made in a jurisdiction other than Alberta, namely \_\_\_\_\_, and I am a lawyer entitled to practice law in that jurisdiction.~~

Dated the 1 day of NOV, 2017.

[Signature]  
Signature of Barrister and Solicitor

GUARANTEES ACKNOWLEDGMENT ACT

(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1 YASMIN GAIDHAR, a mortgagor in the mortgage dated the 1 day of Nov, 2017 made between YASMIN GAIDHAR and HILLSBORO VENTURES INC., which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the mortgage.

2 I satisfied myself by examination of the mortgagor that he/she is aware of the contents of the mortgage and understands it.

CERTIFIED by Katherine Pintye (print name), Barrister and Solicitor at the City of Calgary, in the Province of Alberta, this 1 day of Nov, 2017.

SIGNATURE

KATHERINE PINTYE

Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

STATEMENT OF MORTGAGOR

I am the person named in this certificate.

Signature of Mortgagor

LAWYER CERTIFICATION

I, Katherine Pintye the aforesaid Barrister and Solicitor certify that:  
(print name)

(a) the aforesaid guarantor signed the Statement of Mortgagor in my presence; and

(b) the acknowledgement to which the above Certificate refers was either:

(i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended; YCP 1/11/17

or

(ii) made in a jurisdiction other than Alberta, namely \_\_\_\_\_, and I am a ~~lawyer entitled to practice law in that jurisdiction.~~

Dated the 1 day of Nov, 2017.

Signature of Barrister and Solicitor

KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

THIS IS EXHIBIT "C-10" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**MORTGAGE IN SUPPORT OF UNLIMITED GUARANTEE OF MORTGAGE DEBT**

**WHEREAS, BAHADUR GAIDHAR and YASMIN GAIDHAR** (hereinafter collectively called "the Mortgagor") is the registered owner of an estate in fee simple in possession in all that piece of land described as follows:

**PLAN 0112710**

**LOT 1**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**AREA: 4.11 HECTARES (10.16 ACRES) MORE OR LESS**

**WHEREAS** in consideration of **HILLSBORO VENTURES INC.** having an office at 927 7A Street N.W. Calgary, T2M 3J4, (hereinafter called "the Mortgagee") dealing with **CEANA DEVELOPMENT SUNRIDGE INC.**, (hereinafter referred to as "the Customer"), Bahadur Gaidhar has guaranteed payment to the Mortgagee of certain debts and liabilities of the Customer under the said Guarantee, dated the 1<sup>st</sup> day of March, 2017, a copy of which is attached hereto; and,

**WHEREAS** for the same consideration as aforesaid the Mortgagor has agreed to grant to the Mortgagee this Mortgage as additional and collateral security for the observance and performance of his obligations, covenants and agreement to guarantee as set forth in the said guarantee; provided this Mortgage shall be limited to the principal sum of **THREE MILLION (\$3,000,000.00) DOLLARS** together with interest thereon at the rate pursuant to the mortgage evidencing the debt with the Customer, or as may be provided for in agreements between the Customer and the Mortgagee, or any and all amendments to, substitutions for, or renewals of the said mortgage.

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH THAT IN CONSIDERATION OF AND PURSUANT TO THE PREMISES**, and for other good and valuable consideration, the Mortgagor does hereby mortgage and charge unto the Mortgagee, its successors and assigns, its entire right, title, estate and interest in and to the said lands as additional and collateral security for the observance and performance by Bahadur Gaidhar of its obligations, covenants and agreements as the same are set forth in the said guarantee up to the sum of **THREE MILLION (\$3,000,000.00) DOLLARS**, together with interest thereon at the rate provided for in the mortgage between the Customer and the Mortgagee, or any and all amendments to, substitutions for, or renewals of the said mortgage.

**PROVIDED** this Mortgage to be void upon the observance and performance by Bahadur Gaidhar of its obligations, covenants and agreements as the same are set forth in the said guarantee and upon payment of all moneys in respect of which Bahadur Gaidhar shall be under any liability to pay under the said guarantee and of all such other sums as the Mortgagee may be entitled to by virtue of these presents, with interest at the aforesaid rate, all of such moneys to become payable by Bahadur Gaidhar to the Mortgagee on demand therefore having been made by the Mortgagee.

**IT IS AGREED THAT** the taking of this security shall not operate as a merger of the remedies of the Mortgagee for payment of the indebtedness of the Customer or of the remedies of the Mortgagee under the said guarantee, and notwithstanding these presents and anything herein contained the said remedies shall remain intact and be capable of enforcement against the Customer and the Mortgagor and all other persons liable in respect thereof in the same manner and to the same extent as if these presents had not been executed, and that these presents are and shall be a continuing security to the Mortgagee for the amount of the said liability under the said guarantee and interest thereon, and that this Mortgage shall be deemed to be taken as security for the ultimate balance of the said liability under the said guarantee.

**IT IS AGREED THAT**, notwithstanding any change in the nature or form of the indebtedness or in the bills, notes, guarantees, obligations or securities now or from time to time held by the Mortgagee or representing the same, or any part thereof, or in the names of the parties to the said bills, notes, guarantees, obligations or securities or in the persons comprising any firm or in the name of any firm and notwithstanding the opening of any new account and the closing in the books of the Mortgagee of any other account representing the same, and notwithstanding any variation from time to time made by the Mortgagee in any agreement or arrangement with any person, firm or corporation, liable directly or indirectly for the indebtedness or any part thereof or the granting of extensions of time to or otherwise dealing with any such person, firm or corporation, this Mortgage shall continue as security for the liability, indebtedness and all other sums intended to be secured hereby.

**AND IT IS FURTHER AGREED THAT** any and all payments made in respect of any moneys hereby secured and the moneys or other proceeds realized from any securities held therefor (including this Mortgage) may be applied and re-applied notwithstanding any previous application, on such part or parts of the said liability under the said guarantee as the Mortgagee may see fit.

**THE MORTGAGOR COVENANTS** with the Mortgagee that he will pay the mortgage money and interest, that the mortgagor has a good title in fee simple to the said lands, and that he has the right to mortgage and charge the said lands in favour of the Mortgagee, and that on default the Mortgagee shall have quiet possession of the said lands free from all encumbrances; and that the Mortgagor will execute such further assurances of the said lands as may be requisite; and the Mortgagor will insure the buildings on the said lands to the amount of not less than their full insurable value in dollars of lawful money of Canada.

**IT IS AGREED THAT**, notwithstanding the foregoing, evidence of continuation of such insurance having been effected shall be produced to the Mortgagee at least three days before the expiration thereof; otherwise the Mortgagee may provide therefor and charge the premium paid therefor and interest thereon at the rate aforesaid to the Mortgagor and the same shall be payable forthwith and shall also be a charge upon the said lands. It is further agreed that the Mortgagee may require any insurance of the said buildings to be cancelled and a new insurance effected through an agency and with a company to be named by it, and also may of its own accord and without reference to the Mortgagor cancel any existing policy of insurance and may effect or maintain any insurance herein provided for in such companies and through such agencies as it may see fit, and any amount paid by it therefor shall be forthwith payable to it with interest at the rate aforesaid by the Mortgagor and shall be a charge upon the said lands. The Mortgagee shall be named as beneficiary in all insurance contracts effected by the Mortgagor, and the Mortgagor agrees, upon demand, to transfer all policies and insurance effected upon the buildings, erections or fixtures (erected or to be erected) on the said lands with the Mortgagee's mortgage clause attached and the indemnity which may become due therefrom, and the Mortgagee shall have a lien for its mortgage debt on all insurance on the said buildings, erections or fixtures whether effected under any covenant herein or otherwise and all moneys received by virtue of any policy or policies may, at the option of the Mortgagee, either be applied in whole or in part on suspense account or in or towards substantially rebuilding, re-installing and repairing the said lands or in whole or in part in or towards payment of any portion of the liability, indebtedness or other moneys hereby secured, or may be paid over in whole or in part to it the Mortgagor or his assigns, and in such case shall not be credited on the mortgage account.

**THE MORTGAGOR COVENANTS** that he will pay all taxes, rates and other impositions whatsoever already charged or hereafter to be charged by any authority on the Mortgaged lands as and when they shall fall due and that he will, within one month from the date fixed for the payment of the last instalment of such taxes, rates and other impositions, in each year furnish the Mortgagee with receipted tax bills showing all such taxes, rates and other impositions for the year paid.

**IT IS HEREBY** declared and agreed that all erections, machinery, plant, buildings and improvements, fixed or otherwise, now or hereafter placed upon the said lands are and shall, immediately on being placed upon the said lands, become fixtures and a part of the said lands and form a part of this security.

**THAT FROM AND AFTER** default shall be made by Bahadur Gaidhar in respect of any of his obligations, covenants and agreements as set forth in the said guarantee then it shall and may be lawful to and for the Mortgagee, its successors and assigns, to peaceably and quietly enter into, have, hold, use, occupy, possess and enjoy the said lands hereby mortgaged or mentioned or intended so to be with their appurtenances without the let, suit, hindrance, interruption or denial of the Mortgagor, his successors or assigns, or any other person or persons whomsoever.

**THAT FROM AND AFTER** default shall be made by Bahadur Gaidhar in respect of any of his obligations, covenants and agreements as set forth in the said guarantee then the Mortgagor, his successors and assigns and all and every other person or persons whomsoever having or lawfully claiming or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the said lands hereby mortgaged or mentioned or intended so to be with the appurtenances or any part thereof by, from, under or in trust for it the said Mortgagor shall and will from time to time and at all times thereafter at the proper cost and charges of the Mortgagor, his successors and assigns, or any other person or persons whomsoever, and all persons claiming through or under him as aforesaid, make do, suffer and execute or cause or procure to be made, done, suffered and executed all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying the said lands with the appurtenances unto the Mortgagee, its successors and assigns, in such manner or way as its counsel learned in the law shall or may lawfully and reasonably advise or require.

**THAT ON THE DEFAULT** of Bahadur Gaidhar in respect of any of his aforesaid covenants and agreements to guarantee, the Mortgagee may, after giving seven clear days notice of its intention (which notice may run concurrent with the notice period required pursuant to the *Land Titles Act* in respect of notices of intention to file a certificate in respect of a power of attorney), lease, sell (by public auction and/or private contract) and convey the said lands without entering into possession of the same, and that when any notice is required to be given under any power herein expressed or implied, or permitted or required under any statute the same may be effectually given by addressing the same to the Mortgagor (or the then registered owner of the said lands) at the address shown on the Certificate of Title and the foregoing shall be sufficient though not addressed to persons by name or designation, and notwithstanding any person or persons to be affected thereby may be unknown, unascertained or under disability and such notice shall be sufficient though not otherwise addressed than "To Whom it May Concern". And that on such default a sale or lease may be made hereunder without notice and that no want of notice or publication when required hereby by any statute or any other impropriety or irregularity shall invalidate any sale made or purporting to be made hereunder, but the Mortgagee alone shall be responsible and the said powers may be exercised by successors and/or assigns of the Mortgagee and against the successors and assigns of the Mortgagor and in the event of a sale on credit or for part cash and part credit the Mortgagee shall not be accountable for or charged with any moneys until actually received and for any such purposes the Mortgagee may make and execute all agreements and assurances as it shall think fit. Nothing herein affects the Mortgagee's right to take foreclosure proceedings in accordance with the provisions of the laws of the Province of Alberta.

**AS FURTHER ASSURANCE** to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer, or convey the land in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all

rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

IN THE EVENT the mortgaged property becomes a condominium within the *Condominium Property Act*, the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act*, its regulations and the by-laws, rules and regulations of the Condominium Corporation from time to time in force.
- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the Condominium Corporation in respect of the Unit charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder. Upon default under this paragraph and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may pay the assessments, and any assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the Condominium Corporation for certification of the amount and manner in which any assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the Condominium Corporation:
  - (i) in all cases in which a Unanimous Resolution is required by the *Condominium Act* of Alberta, as amended, the By-Laws of the Corporation or any Agreement with the Condominium Corporation;
  - (ii) in all other cases other than as referred to in (i) of this clause provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the Condominium Corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five (5) days prior to each and every general meeting of the Condominium Corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the by-laws, rules and regulations of the Condominium

Corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the Condominium Corporation as the Mortgagor may from time to time receive.

- (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, contribution, charge, fine or levy in respect of a unit and paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.
- (h) In the event this mortgage is a blanket mortgage against more than one of the condominium units, it may not be discharged in part or in whole during the term of the mortgage. In particular the Mortgagor or its successors may not obtain a discharge of this mortgage against any particular unit by payment of a pro-rata share of the mortgage or by any other means whatsoever.

THAT THE Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (a) neither the Mortgagor, nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substances to be placed, held, located or disposed of on, under or at the lands, save and except as disclosed to the Mortgagee in writing;
- (b) it shall not allow any Hazardous Substances to be placed, held, located or disposed of on, under or at the lands without the specific and unequivocal prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (c) it shall not allow the lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (d) to the extent that Hazardous Substances are, with the Mortgagee's consent as aforesaid, placed, held, located or disposed of on, under or at the lands in accordance with the terms hereof, the Mortgagor shall:
  - (i) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (ii) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor;
- (e) Without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the lands, the Mortgagor shall:
  - (i) maintain and repair such storage tanks in a manner such that they do not leak or interfere with the environment;
  - (ii) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.



**"HAZARDOUS SUBSTANCES"** means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (a) radioactive materials;
- (b) explosives;
- (c) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant;
- (d) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
  - (i) endangers the health, safety or welfare of persons or the health of animal life;
  - (ii) interferes with normal enjoyment of life or property; or
  - (iii) causes damage to plant life or to property;
- (e) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls; and
- (f) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the lands.

The Mortgagor hereby indemnifies and saves harmless the Mortgagee and its successors and assigns from and against any and all losses, liabilities, damages, costs (including without limitation legal costs on a solicitor and his own client basis) and expenses of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (c) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the lands either onto any lands (including the secured lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the Mortgage or any collateral security and the full repayment of the Mortgage monies.

**IT IS AGREED BETWEEN** the parties hereto that the Mortgagee may pay and satisfy the whole or any part of any liens, taxes, rates, charges or encumbrances now or hereafter existing or claimed in respect of the mortgaged premises or in respect of the principal money or interest hereby secured and that such payments together with all costs, charges and expenses (as between solicitor and his own client), which may be incurred in taking, recovering and keeping possession of the said lands and of

inspecting the same, and of negotiating this mortgage, investigating title and preparing and registering this mortgage and other necessary deeds and generally in any other proceedings taken in connection with or to realize the money hereby secured shall be added to the moneys hereby secured and shall be a charge on the said lands and shall be payable forthwith with interest at the rate aforesaid and in default the money secured by this Mortgage shall immediately become due and payable at the option of the Mortgagee, and all powers hereby conferred shall become exercisable. In the event of the Mortgagee satisfying any such lien, charge or encumbrance it shall be entitled to all the equities and securities of the person or persons so paid off and it is hereby authorized to retain any discharge thereof without registration for so long as it may think fit so to do.

**PROVIDED THAT** the Mortgagee may at its discretion at all times release any part or parts of the said lands, either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the said lands or any person from this Mortgage or from any of the covenants herein or in the said guarantee contained and without being accountable to the Mortgagor for the value thereof or for any money except that actually received by the Mortgagee; it being expressly agreed that every part or lot into which the mortgaged lands are or may hereafter be divided does and shall stand charged with the whole money and liability hereby secured; and that the Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Customer, the Mortgagor and all other persons and securities as the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage or the said guarantee.

**THAT THE MORTGAGOR** covenants with the Mortgagee that he will keep the said lands and buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively, and that the Mortgagee may whenever it deems necessary by its agent enter upon and inspect the said lands, and the reasonable cost of such inspection shall be added to the mortgage debt, and that if the Mortgagor neglects to keep the said lands in good condition and repair or commit or permit any act of waste of the said lands (as to which the Mortgagee shall be sole judge) or make default as to any of the covenants or provisoes contained herein or in any mortgage to which this Mortgage is subject or upon discovery by the Mortgagee that any covenant is untrue or upon registration of any Builders' Lien against the said lands or upon the Mortgagor allowing any buildings erected upon the said lands to remain unfinished without any work being done thereon for ten days, the principal money hereby secured shall, at the option of the Mortgagee, forthwith become due and payable, and in default of payment of same with interest the powers of entering upon and leasing or selling hereby given it may be exercised forthwith and the Mortgagee may make such repairs as it deems necessary and the cost thereof shall be payable by the Mortgagor forthwith and shall be a charge upon the said lands prior to all claims thereon subsequent to these presents and shall bear interest at the rate aforesaid until paid.

**IT IS FURTHER UNDERSTOOD AND AGREED** that any default by the Customer or by the Mortgagor under any security now or hereafter held or acquired by the Mortgagee to secure the sum or liability hereby secured shall, at the election of the Mortgagee be deemed to be an act of default hereunder and entitle the Mortgagee to exercise all remedies and security hereby conferred or granted in respect of realizing or collecting the full balance of the aforesaid sum secured hereby or any part thereof outstanding, together with all interest and costs then outstanding and all other moneys hereby secured.

**PROVIDED THAT** the taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest at the rate and times herein provided and further that any such judgment may provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

**NOTWITHSTANDING** any provisions of the *Land Titles Act* or of any other law or statute to a similar effect which is now or may hereafter be in force in the Province of Alberta, the taking by the Mortgagee of an order for foreclosure of the Mortgagor's interest in the said lands or any part thereof shall not operate as full satisfaction of the debt or liability hereby secured, and the Mortgagee may at all times proceed with a view to obtaining payment, through the Courts or otherwise, of the indebtedness guaranteed by Bahadur Gaidhar as fully and effectually as if this Mortgage had not been granted.

**AND FOR THE** better securing to the Mortgagee the observance and performance of the covenants and obligations of Bahadur Gaidhar to guarantee payment of the indebtedness to the Mortgagee as set forth in the said guarantee, the Mortgagor does hereby mortgage to the said Mortgagee all of his estate and interest in and to the said lands.

**PROVIDED THAT** all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee shall be equally secured to and exercisable by its successors and assigns; that all covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall be equally binding upon his successors and assigns; that time shall be of the essence hereof; and that all provisions hereof shall have effect any statute to the contrary notwithstanding.

**THE MORTGAGOR** hereby covenants to perform, and observe and satisfy all the terms, covenants and conditions to be performed and observed by the mortgagors under the terms of any prior Mortgages, Agreements for Sale or other charges (hereinafter called the "prior mortgage") registered against the title to the subject property. It is expressly agreed and understood by the Mortgagors that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then the Mortgagors shall be deemed to be in default of the terms of this Mortgage and shall be deemed to owe the Mortgagee pursuant to the Guarantee an amount equal to the sum owed by the Customer to the Mortgagee at the time of realization against the charged lands pursuant to any foreclosure action whether by the Mortgagee or the holder of prior mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the mortgaged lands and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of any other monies payable hereunder.

IN WITNESS WHEREOF the Mortgagor has duly executed these presents on this  
1 day of Nov, 2017.

WITNESS

BAHADUR GAIDHAR

WITNESS

YASMIN GAIDHAR

KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 8Z5  
PH: 403-291-2532

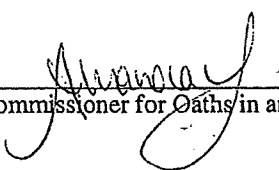
**AFFIDAVIT OF EXECUTION**

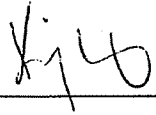
CANADA )  
 )  
 )  
PROVINCE OF ALBERTA )  
 )  
 )  
TO WIT: )

I, KHALIL HAJI  
Barrister and Solicitor, OF  
THE City of Calgary, in the Province of  
Alberta, MAKE OATH AND SAY

1. That I was personally present and did see **BAHADUR GAIDHAR** named in the within Instrument, who is (are) personally known to be to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
2. That the same was executed at the City of Calgary in the Province of Alberta and I am the subscribing witness thereto.
3. That I know the said party/parties and he (she each) is/are in my belief of the full age of eighteen years

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 1 day of )  
Nov., 2017. )  
 )  
 )  
 )  
 )  
 )

  
A Commissioner for Oaths in and for Alberta )

  
\_\_\_\_\_ )


AMANDA LUONG  
A Commissioner for Oaths  
in and for Alberta  
My Appointment Expires June 21, 2019

**AFFIDAVIT OF EXECUTION**

CANADA ) I, Katherine Pintye, OF  
 ) THE City of Calgary, in the Province of  
 ) Alberta, MAKE OATH AND SAY  
PROVINCE OF ALBERTA )  
 )  
TO WIT: )

1. That I was personally present and did see YASMIN GAIDHAR named in the within Instrument, who is (are) personally known to be to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.
2. That the same was executed at the City of Calgary in the Province of Alberta and I am the subscribing witness thereto.
3. That I know the said party/parties and he (she each) is/are in my belief of the full age of eighteen years

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 1 day of )  
November, 2017. )

  
A Commissioner for Oaths in and for Alberta )

SHINY CHHINA  
Student-at-Law  
Commissioner for Oaths  
In and for the Province of Alberta

  
KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 875  
PH: 403-291-2532

**GUARANTEES ACKNOWLEDGMENT ACT**

(Section 3)

**CERTIFICATE**

I HEREBY CERTIFY THAT:

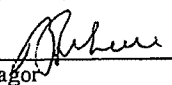
- 1 **BAHADUR GAIDHAR**, a mortgagor in the mortgage dated the 1 day of Nov, 2017 made between **BAHADUR GAIDHAR** and **HILLSBORO VENTURES INC.**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the mortgage.
- 2 I satisfied myself by examination of the mortgagor that he/she is aware of the contents of the mortgage and understands it.

CERTIFIED by KHALIL HAJI (print name), Barrister and Solicitor at the City of Calgary, in the Province of Alberta, this 1 day of NOV, 2017.

  
SIGNATURE

**STATEMENT OF MORTGAGOR**


I am the person named in this certificate.

  
Signature of Mortgagor

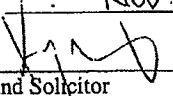
KHALIL HAJI  
Barrister and Solicitor

**LAWYER CERTIFICATION**

I, \_\_\_\_\_ the aforesaid Barrister and Solicitor certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Mortgagor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
  - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
  -   
(ii) ~~made in a jurisdiction other than Alberta, namely \_\_\_\_\_, and I am a lawyer entitled to practice law in that jurisdiction.~~

Dated the 1 day of NOV, 2017.

  
Signature of Barrister and Solicitor

GUARANTEES ACKNOWLEDGMENT ACT

(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

- 1 YASMIN GAIDHAR, a mortgagor in the mortgage dated the 1 day of Nov., 2017 made between YASMIN GAIDHAR and HILLSBORO VENTURES INC., which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the mortgage.
- 2 I satisfied myself by examination of the mortgagor that he/she is aware of the contents of the mortgage and understands it.

CERTIFIED by Katherine Pintye (print name), Barrister and Solicitor at the City of Calgary of Calgary, in the Province of Alberta, this 1 day of Nov., 2017.

SIGNATURE

KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 0Z5  
PH: 403-291-2532

STATEMENT OF MORTGAGOR

I am the person named in this certificate.

Signature of Mortgagor

LAWYER CERTIFICATION

I, Katherine Pintye the aforesaid Barrister and Solicitor certify that:  
(print name)

- (a) the aforesaid guarantor signed the Statement of Mortgagor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:

(i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended: CP 4/11/17

or

(ii) ~~made in a jurisdiction other than Alberta, namely~~, and I am a ~~lawyer entitled to practice law in that jurisdiction.~~ CP 4/11/17

Dated the 1 day of Nov, 2017.

Signature of Barrister and Solicitor

KATHERINE PINTYE  
Barrister and Solicitor  
Commissioner For Oaths, Notary Public  
in and for the Province of Alberta  
120, 3636 - 23 Street N.E.  
CALGARY, AB T2E 0Z5  
PH: 403-291-2532

THIS IS EXHIBIT "C-11" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



LETTER OF AUTHORIZATION

TO WHOM IT MAY CONCERN:

Re: PLAN 9811891  
BLOCK 8  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
("the Property")

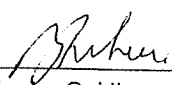
We confirm that we are the registered owners of the Property and acknowledge that **HILLSBORO VENTURES INC.** will be conducting statutory lien searches and other searches in respect of the Property and/or the undersigned.

Accordingly, please consider this to be your irrevocable authority to release to **HILLSBORO VENTURES INC.**, or its principal Keith Ferrel, both c/o 927 – 7 A Street NW, Calgary, AB T2M 3J4, any and all records and information whatsoever respecting the Property and our dealings with you in respect thereof.

We further authorize any on-site inspection of the Property by any governmental authority if requested by **HILLSBORO VENTURES INC.**

Dated the 1 day of NOV, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**  
by its authorized signatory

  
Name: Bahadur Gaidhar

Title: Director

THIS IS EXHIBIT "C-12" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

---

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

**IRREVOCABLE ORDER FOR PAYMENT**

TO: **HILLSBORO VENTURES INC.**  
AND TO: **BORDEN LADNER GERVAIS LLP**  
**Barristers & Solicitors**  
RE: **Loan – PLAN 9811891**  
**BLOCK 8**  
**LOT 1**  
**EXCEPTING THEREOUT ALL MINES AND MINERALS**

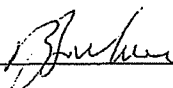
YOU ARE HEREBY IRREVOCABLY AUTHORIZED AND DIRECTED TO MAKE ANY ADVANCE UNDER THE LOAN FOR \$1,500,000.00 WHICH YOU ARE MAKING TO the undersigned to your solicitors, BORDEN LADNER GERVAIS LLP, TO BE DISBURSED IN THE FOLLOWING MANNER, THAT IS TO SAY:

1. in payment of solicitor's fees and disbursements;
2. in payment of outstanding accounts, surveys, taxes or prior encumbrances;
3. in payment of accrued interest, interest reserve and/or principal payments due after interest adjustment date (which you may deduct from any advance);
4. in payment of outstanding appraisal fees, broker fees, and/or inspection fees, if any and if not already paid (which you may deduct from any advance);
5. the balance of the proceeds of the said mortgage to KH Dunkley Law Group or at your option to any or all of the undersigned.

**THIS ORDER FOR PAYMENT IS IRREVOCABLE** and for so doing, this shall be your sufficient warrant and authority.

DATED this 1 day of NOV, 2017.

**CEANA DEVELOPMENT SUNRIDGE INC.**

Per: 

Per: \_\_\_\_\_

**THIS IS EXHIBIT "D" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

**in and for the Province of Alberta**

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887



DIVISIONS  
Mountain View Financial  
First Calgary Financial  
Chinook Financial  
Legacy Financial

April 29, 2019

Ceana Development Sunridge Inc.  
101 - 3115 12<sup>th</sup> Street NE  
Calgary, Alberta T2E 7J2

Attention: Bahadur Gaidhar

Dear Sir/Madam:

Re: Mortgage Full Payout Statement:  
Commercial Loan Account(s) #  
Municipal Address:  
Short Legal Address

Ceana Development Sunridge Inc.  
722821489548  
2255-32<sup>nd</sup> Street NE Calgary  
9811891;8;1

As per your request on April 29, 2019 we are providing the following information:

**EXCEPTING OMISSIONS AND ERRORS**

**Loan Account # 722821489548**

Principal Outstanding as of April 29, 2019	\$9,831,770.00
Loan in Progress as of April 29, 2019	\$(5,696,740.10)
Interest Outstanding as of April 29, 2019	\$18,726.58
Administration Fee	N/A
Subtotal	\$4,153,756.48
Prepayment Bonus	N/A
Total Payable as of April 29, 2019	\$4,153,756.48
Per Diem: \$645.74	

Please be advised that the payout figure reflects the balance before the April 30, 2019 monthly payment. The balance, accrued interest and the Per Diem outstanding may differ from the amounts quoted above. Please contact Matthew at 403-736-4186 on the date funds are to be forwarded to obtain an exact payout figure.

The payout payment must be received by 3:00 p.m. on the date payout is to be advanced, otherwise, please add on appropriate per diem interest for any extra day(s). (ie. Please allow for weekends.) Please ensure the payout is sent to the attention of the undersigned at the address listed on the first page of this letter with attention to: Centralized Operations - BBLS

Yours truly,

**CONNECT FIRST CREDIT UNION LTD.**

K. Popoola Commercial Credit Manager / Special Loans  
Commercial Credit

**Connect First Credit Union Ltd.**

200 - 2850 Sunridge Blvd NE, Calgary, Alberta T1Y 6G2

Tel: (403) 736-4170 Fax: (403) 269-5118

The trade name/trademark Chinook Financial is owned by Connect First Credit Union Ltd.

THIS IS EXHIBIT "E" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
\_\_\_\_\_  
A Commissioner for Oaths

in and for the Province of Alberta

\_\_\_\_\_  
TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

KEF

KEF

21/06/2019

**BOB GAIDHAR SUNRIDGE**

[illegible]

**THIS IS EXHIBIT "F" TO THE  
AFFIDAVIT OF KEITH FERREL**

**Sworn before me at the City of Calgary,**

**in the Province of Alberta,**

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

**in and for the Province of Alberta**

---

**TERRY TROJANOSKI**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887





# LAND TITLE CERTIFICATE

S

LINC                      SHORT LEGAL  
0027 536 350            9811891;8;1

TITLE NUMBER  
161 114 536

## LEGAL DESCRIPTION

PLAN 9811891

BLOCK 8

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 1.398 HECTARES (3.45 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE

ATS REFERENCE: 4;29;24;28;SE

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 981 252 050

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
161 114 536	17/05/2016	TRANSFER OF LAND	\$6,000,000	\$6,000,000

## OWNERS

CEANA DEVELOPMENT SUNRIDGE INC.  
OF 101, 3115 - 12 ST NE  
CALGARY  
ALBERTA T2E 7J2

## ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION		
NUMBER	DATE (D/M/Y)	PARTICULARS
771 147 064	20/10/1977	ZONING REGULATIONS SUBJECT TO CALGARY INTERNATIONAL AIRPORT ZONING REGULATIONS
981 252 051	19/03/1998	RESTRICTIVE COVENANT
981 252 053	19/08/1998	RESTRICTIVE COVENANT (REINSTATED 24/03/2011 BY 111070763)

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 161 114 536

## REGISTRATION

NUMBER

DATE (D/M/Y)

PARTICULARS  
-----

981 376 744 01/12/1998 EASEMENT  
OVER AND FOR BENEFIT OF LOTS 1 TO 5 INCLUSIVE  
IN BLOCK 8 ON PLAN 9811891  
(AREAS "A" TO "F" INCLUSIVE ON PLAN 9813273)

171 023 797 26/01/2017 MORTGAGE  
MORTGAGEE - HILLSBORO VENTURES INC.  
927-7A ST NW  
CALGARY  
ALBERTA T2M3J4  
ORIGINAL PRINCIPAL AMOUNT: \$3,000,000

171 023 798 26/01/2017 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - HILLSBORO VENTURES INC.  
927-7A ST NW  
CALGARY  
ALBERTA T2M3J4  
AGENT - TRAVIS MCARTHUR

171 183 985 18/08/2017 MORTGAGE  
MORTGAGEE - HILLSBORO VENTURES INC.  
927-7A ST NW  
CALGARY  
ALBERTA T2M3J4  
ORIGINAL PRINCIPAL AMOUNT: \$2,000,000

171 183 986 18/08/2017 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - HILLSBORO VENTURES INC.  
927-7A ST NW  
CALGARY  
ALBERTA T2M3J4  
AGENT - TRAVIS MCARTHUR

171 235 888 23/10/2017 POSTPONEMENT  
OF MORT 171023797 CAVE 171023798  
TO MORT 171183985 CAVE 171183986

171 240 017 26/10/2017 MORTGAGE  
MORTGAGEE - CONNECT FIRST CREDIT UNION LTD.  
BOX 1137  
BROOKS  
ALBERTA T1R1B9  
ORIGINAL PRINCIPAL AMOUNT: \$9,831,770

171 240 018 26/10/2017 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - CONNECT FIRST CREDIT UNION LTD.  
BOX 1137

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 3

# 161 114 536

## REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
		BROOKS ALBERTA T1R1B9 AGENT - LAWRENCE LEON.
171 240 019	26/10/2017	POSTPONEMENT OF MORT 171023797 TO MORT 171240017 CAVE 171240018
171 240 020	26/10/2017	POSTPONEMENT OF CAVE 171023798 TO MORT 171240017 CAVE 171240018
171 240 021	26/10/2017	POSTPONEMENT OF MORT 171183985 CAVE 171183986 TO MORT 171240017 CAVE 171240018
171 262 890	22/11/2017	MORTGAGE MORTGAGEE - HILLSBORO VENTURES INC. 927-7A ST NW CALGARY ALBERTA T2M3J4 ORIGINAL PRINCIPAL AMOUNT: \$1,500,000
171 262 891	22/11/2017	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - HILLSBORO VENTURES INC. 927-7A ST NW CALGARY ALBERTA T2M3J4 AGENT - PATRICK MAH
181 001 538	03/01/2018	BUILDER'S LIEN LIENOR - EMCO CORPORATION. C/O MCLENNAN ROSS LLP #1000 FIRST CANADIAN CENTRE 350-7TH AVE SW ATTN: JAMES P. FLANAGAN CALGARY ALBERTA T2P3N9 AGENT - JAMES P FLANAGAN AMOUNT: \$145,783
181 023 511	29/01/2018	BUILDER'S LIEN LIENOR - DEMON WATER HAULING LTD. 11333 84 STREET SE CALGARY ALBERTA T2C4T4 AGENT - JENNIFER SINGER AMOUNT: \$24,316

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 4

# 161 114 536

## REGISTRATION

NUMBER

DATE (D/M/Y)

PARTICULARS  
-----

181 077 294 17/04/2018 POSTPONEMENT  
OF MORT 171023797 CAVE 171023798  
TO MORT 171262890 CAVE 171262891

181 112 779 01/06/2018 BUILDER'S LIEN  
LIENOR - COLD FROG PLUMBING & HEATING INC.  
MCLENNAN ROSS LLP LEGAL COUNSEL  
ATTN: JAMES P. FLANAGAN  
1000 FIRST CANADIAN CENTRE  
350 - 7 AVE SW  
CALGARY  
ALBERTA T2P3N9  
AGENT - JAMES P FLANAGAN  
AMOUNT: \$62,580

181 123 907 15/06/2018 UTILITY RIGHT OF WAY  
GRANTEE - ATCO GAS AND PIPELINES LTD.

181 124 534 15/06/2018 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT: 181001538

181 139 834 28/06/2018 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT: 181023511

181 149 831 13/07/2018 BUILDER'S LIEN  
LIENOR - CALGARY LANDSCAPER LTD.  
38048 COUNTRY HILLS RPO  
CALGARY  
ALBERTA T3K5G9  
AGENT - BERNHARD PENNER  
AMOUNT: \$15,880

181 149 907 13/07/2018 BUILDER'S LIEN  
LIENOR - SUNBELT RENTALS OF CANADA LIMITED.  
C/O LIEN-PRO INC  
17315B-108 AVE NW  
EDMONTON  
ALBERTA T5S1G2  
AGENT - LIEN-PRO INC.  
AMOUNT: \$7,104

181 158 526 27/07/2018 CAVEAT  
RE : PURCHASERS INTEREST  
CAVEATOR - 1785337 ALBERTA LTD.  
C/O AB LAW  
924 - 5075 FALCONRIDGE BLVD NE  
CALGARY  
ALBERTA T3J3K9  
AGENT - ANSHUMAN BAWA.

( CONTINUED )

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ENCUMBRANCES, LIENS & INTERESTS

PAGE 5

# 161 114 536

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

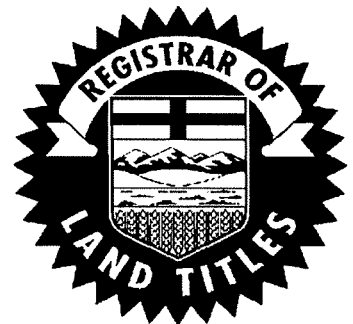
-----  
181 162 378 03/08/2018 BUILDER'S LIEN  
LIENOR - ESSENTIAL QUALITY ELECTRICAL SERVICES.  
245 MOUNTAIN PARK DRIVE SE  
CALGARY  
ALBERTA T2Z2L2  
AGENT - BRIAN SCOTT.  
AMOUNT: \$42,704  
  
181 240 823 07/11/2018 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT: 181149831  
  
181 249 778 20/11/2018 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT: 181112779  
  
181 253 136 23/11/2018 CERTIFICATE OF LIS PENDENS  
AFFECTS INSTRUMENT: 181244655  
  
191 085 526 06/05/2019 BUILDER'S LIEN  
LIENOR - SUPER SAVE FENCE RENTALS INC.  
C/O MOORE WITTMAN PHILLIPS  
307, 1228 KENSINGTON RD NW  
CALGARY  
ALBERTA T2N3P7  
AGENT - CHRISTINA DAO  
AMOUNT: \$7,085

TOTAL INSTRUMENTS: 031

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 20 DAY OF JUNE,  
2019 AT 03:54 P.M.

ORDER NUMBER: 37473033

CUSTOMER FILE NUMBER: 559316-3



\*END OF CERTIFICATE\*

( CONTINUED )

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) .

THIS IS EXHIBIT "G" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019



A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires June 6, 2021  
Appointee No. 0736887

Clerk's Stamp

COURT FILE NUMBER 1801-04745  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF HILLSBORO VENTURES INC  
DEFENDANTS CEANA DEVELOPMENT  
SUNRIDGE INC  
DOCUMENT AFFIDAVIT OF VALUE

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
DAVID T. MADSEN, Q.C.  
Borden Ladner Gervais LLP  
1900, 520 3<sup>rd</sup> Ave S.W.  
Calgary, AB T2P 0R3  
Telephone: 403-232-9612  
Facsimile: 403-266-1395  
Email: [dmadsen@blg.com](mailto:dmadsen@blg.com)  
File No. : 444370-000001DTM

## AFFIDAVIT OF VALUE AND VALUATOR'S REPORT

Sworn on September 5, 2018

I, Tammy Magny McDowell, of the City of Calgary, Alberta, SWEAR AND SAY THAT:

1. I have resided and carried on business at the City of Calgary, in the Province of Alberta, for 13 years, and during that time have had considerable experience in real estate transactions.
2. Careful personal inspection of the lands in question were performed by Tammy Magny McDowell, B.A. (Econ), AACI, P. App and Fraser Dyer B.Sc. (Hons), MRICS, AACI P.App on July 26, 2018 and September 4, 2018 (respectively), namely:

2255 32 Street NE, Calgary, AB  
PLAN 9811891; BLOCK 8; LOT 1  
Excepting thereout all mines and minerals (the "Lands")



3. I have to the best of my knowledge and belief in the paper now produced and shown to me and marked Exhibit "A" to this my Affidavit, set forth full and true particulars of the state, condition and value of the said lands and the improvements situate thereon.

4. I have not now and never had any interest in the said lands or otherwise under the said proceedings except as appraiser for the said Plaintiff in connection with the inspection and valuation made by me as above.

SWORN BEFORE ME at the City of Calgary,  
in the Province of Alberta, this 5 day of  
September, 2018.

\_\_\_\_\_  
Commissioner for Oaths in and for the  
Province of Alberta

BRANDON LO Feb 19, 2020  
PRINT NAME AND EXPIRY



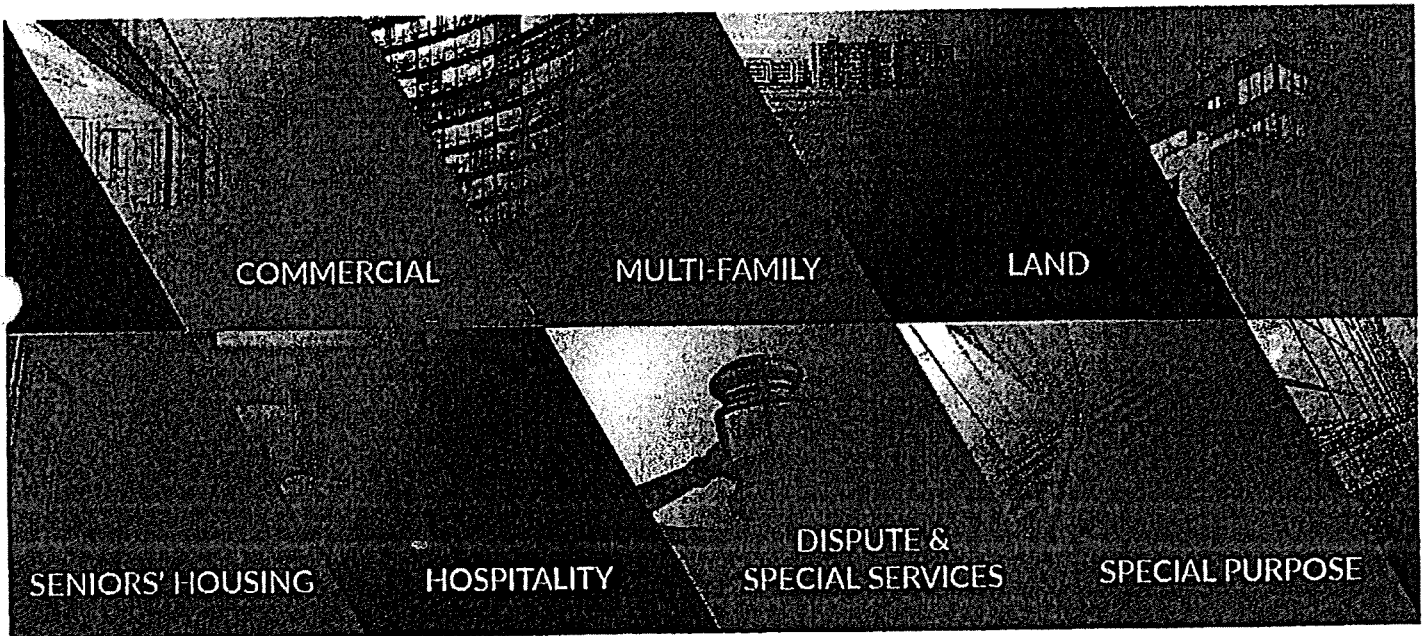
\_\_\_\_\_  
Tammy Magny McDowell,

Brandon Norbert Lo  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission Expires: February 19, 2020  
Appointee No: 0721492

## Sunridge Development

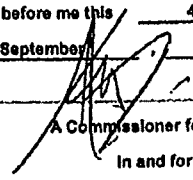
2255 32 Street NE  
Calgary, AB

Effective Date: September 4, 2018



PREPARED FOR  
Borden Ladner Gervais  
Mr. David T. Madsen, Q.C.  
1900, 520 3 Avenue SW  
Calgary, AB  
T2P 0R3

**Brandon Norbert Lo**  
A Commissioner for Oaths  
In and for the Province of Alberta  
My Commission Expires: February 19, 2020  
Appointee No: 0721492

This is Exhibit "A" referred to in the		
Affidavit of	Tammy Magny McDowell	
Sworn before me this	4th	day of
September		2018
		
A Commissioner for Oaths		
In and for		
the Province of Alberta		



September 4, 2018

Project No.: 13120.102973.000

**Mr. David T. Madsen, Q.C.**

Borden Ladner Gervais  
1900, 520 3 Avenue SW  
Calgary, AB, T2P 0R3

Dear Mr. Madsen, Q.C.

**RE: Sunridge Development**  
2255 32 Street NE, Calgary, AB

---

In accordance with your request by way of a contract dated July 17, 2018 and as per the terms of reference (TOR) provided herein, I have provided an opinion of the current market value and forced sale value on an all-cash basis of the fee simple interest in the subject property as at the effective date of September 4, 2018. The intended user of this report is Borden Ladner Gervais ("Client"). The intended use is to estimate the current market value and no other use. No additional intended users are identified or intended by the appraiser.

This Appraisal Report and Appendices must be read as a whole as sections taken alone may be misleading and lead the reader to an incorrect conclusion. Information provided by the client and collected through market research and analyses are stored in the working file. This assignment has been completed in accordance with the Scope of Work as outlined in Section 1.2.

Subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5, it is my opinion that the current market value of the fee simple of the subject property "as is, where is", effective September 4, 2018, is:

**\$6,890,000**

**Six Million Eight Hundred Ninety Thousand Dollars**

Additionally, at the request of the client, it is my opinion that the forced sale value of the fee simple interest of the subject property, effective September 4, 2018, is:

**\$5,860,000**

**Five Million Eight Hundred Sixty Thousand Dollars**

---

**AltusExpertServices**

2020 4th Street SW Suite 310, Calgary, AB T2S 1W3  
T: 403.508.7770 | E: info@altusgroup.com | altusgroup.com



Based on this estimate of market value, the liquidity of the subject property is considered to be "Modest" as defined at Appendix A. I estimate that an exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value. An exposure time of 6 months would be estimated under the forced sale value. Should you have any questions, please contact Tammy Magny McDowell, B.A. (Econ), AACI, P. App at your convenience.

Respectfully submitted,

**Altus Group Limited**

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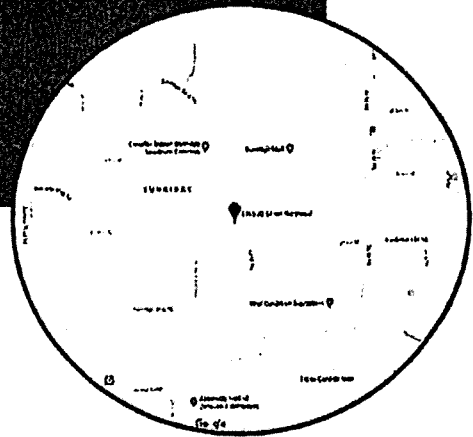
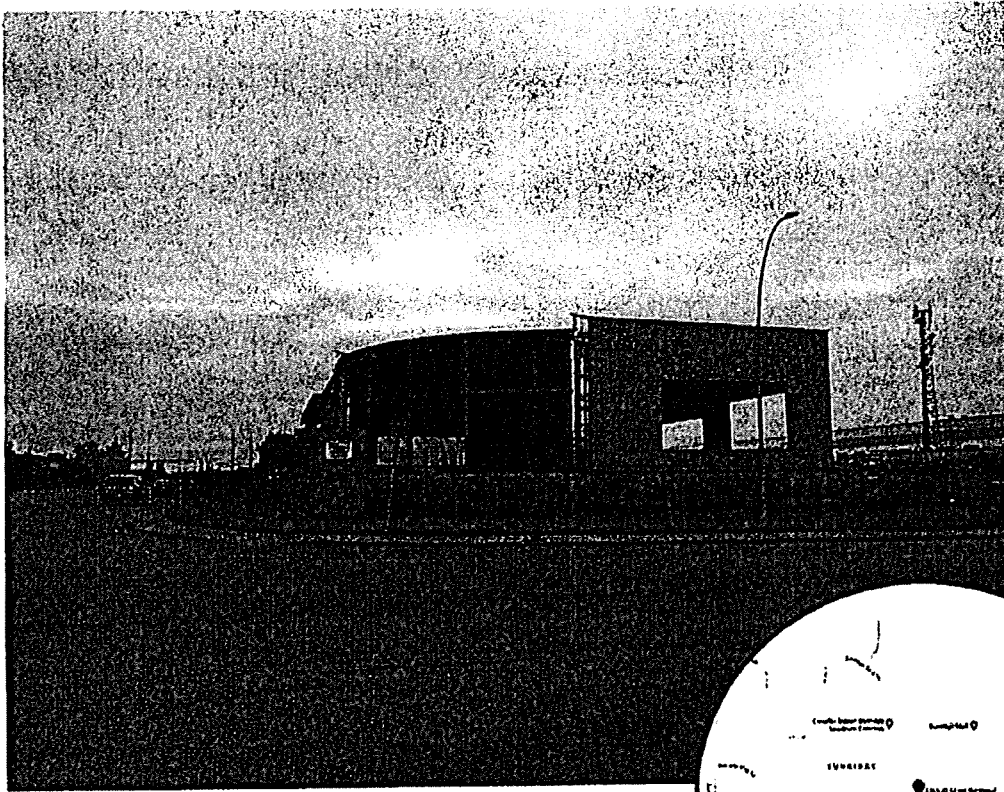
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## **Appendices**

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**Appendix A Altus' Terms of Reference**

**Appendix B Visual Identification**



Sunridge Development  
2255 32 Street NE, Calgary, AB

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## Executive Summary

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## Property Description

Building and Site Information			
Address	2255 32 Street NE	Site Area	3.45 ac
City, Province	Calgary, AB	Zoning	Direct Control District DC 47Z95
Property Type	Development Site	Highest and Best Use	Future Commercial Development
Valuation Reconciliation			
Effective Date	September 4, 2018	Liquidity	Modest
Market Value			

### Current Market Value

**\$6,890,000**

**Six Million Eight Hundred Ninety Thousand Dollars**

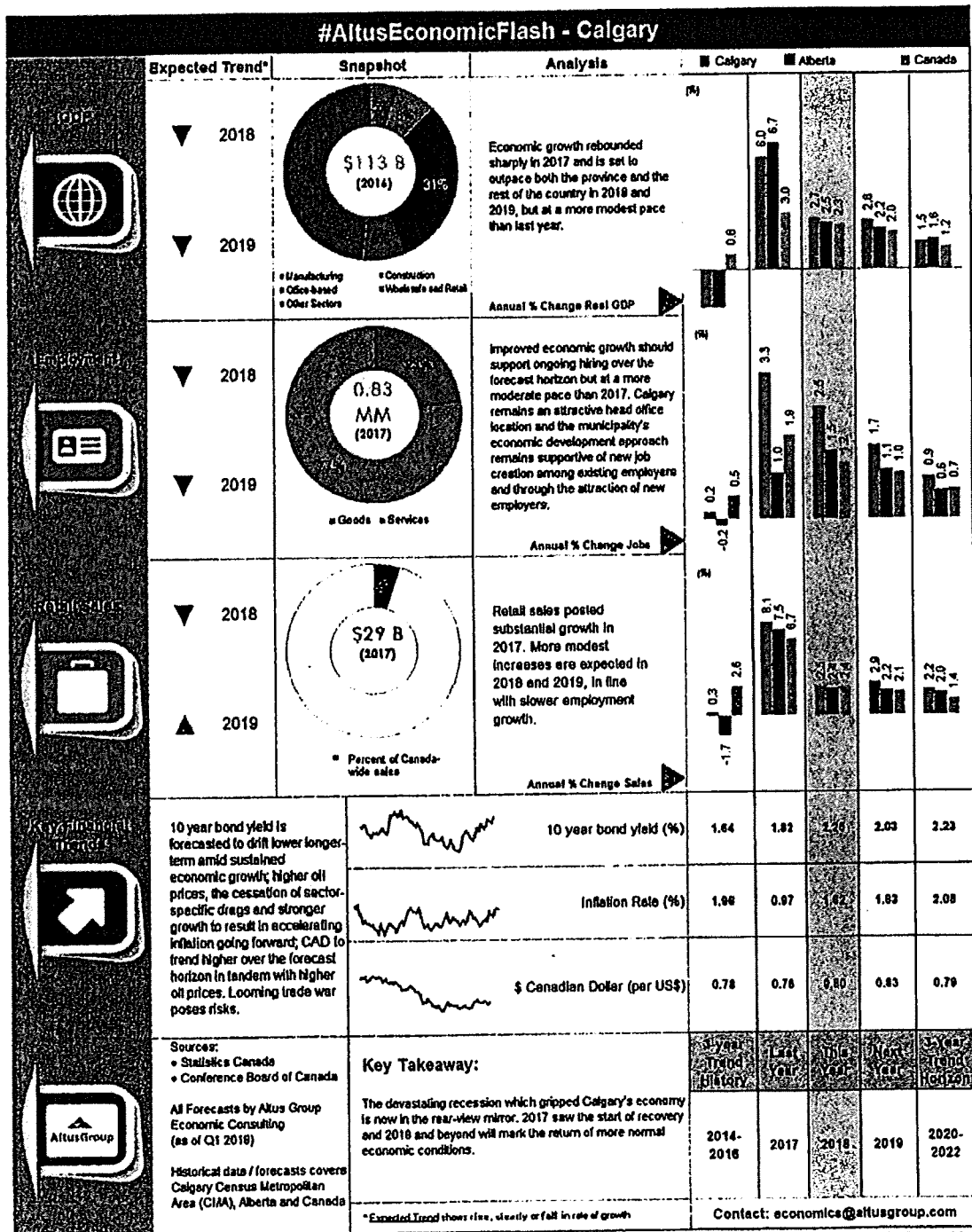
### Forced Sale Value

**\$5,860,000**

**Five Million Eight Hundred Sixty Thousand Dollars**








## Economic Summary

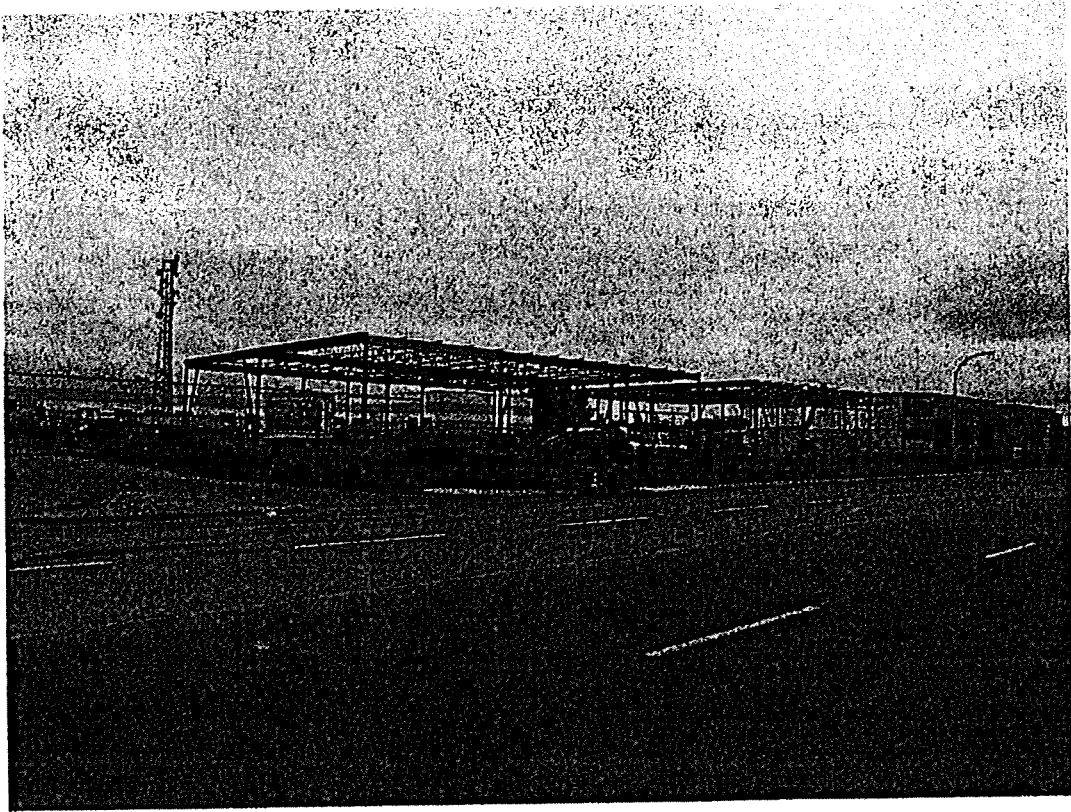


Source: Altus Group Economic Consulting

## SWOT<sup>1</sup> Analysis

	<ul style="list-style-type: none"> <li>▼ Well located in an established commercial node in northeast Calgary.</li> <li>▼ Excellent exposure to 32 Street NE.</li> <li>▼ Close proximity to Sunridge Mall and big box retail.</li> <li>▼ Close proximity to the Calgary International Airport.</li> <li>▼ Attractive development site as very few similar sites are available to the market.</li> <li>▼ A Development Permit has been approved to construct approximately 44,000 sf of commercial development.</li> <li>▼ As a proposed commercial condominium project, the developer has reported that the project was effectively sold out.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Prospective purchaser may not attribute much value to the existing site improvements.</li> <li>▼ Demand for office space within suburban areas is low. One office unit was conditionally leased to a lawyer and two units were reportedly sold to the developer. The remaining two units were available for lease.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Notwithstanding the cautious economic outlook for the Calgary region, market participants have maintained a long term perspective and remain moderately active.</li> <li>▼ Market demand for commercial assets is steady but cautious.</li> <li>▼ Attractive financing with good availability continues to support real estate activity.</li> <li>▼ There continues to be a strong demand in the northeast market for commercial ownership.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ Weak but recovering crude oil prices and prevailing soft natural gas sector.</li> <li>▼ Pipeline uncertainty and access to markets.</li> <li>▼ Various geo-political risks.</li> </ul>
	<ul style="list-style-type: none"> <li>▼ The subject is an attractive development site well located in the northeast commercial node of Sunridge.</li> <li>▼ The proposed development was reported well received by the market with all retail units presold at an average rate of \$468 psf.</li> </ul>

<sup>1</sup> Strengths, Weaknesses, Opportunities, Threats



**Appraisal**

## 1 Introduction

### 1.1 Terms of Reference

The following table provides a summary of the terms of reference (TOR) guiding this appraisal assignment. The TOR were provided by David T. Madsen, Q.C. of Borden Ladner Gervais. This report is subject to the TOR outlined below, as well as the Ordinary Assumptions and Limiting Conditions outlined in Appendix A and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5. Please also refer to Appendix A of this report for definitions of Market Value, Liquidity, and Highest and Best Use.

Terms of Reference	
Client and Intended User	David T. Madsen, Q.C., Borden Ladner Gervais
Intended Use	To estimate the current market value and no other use
Purpose	To provide an opinion of the current market value on an all-cash basis, of the fee simple interest in the subject property on an "as is, where is" basis.
Ownership	Ceana Development Sunridge Inc., as detailed in Section 1.6
Interest to be Valued	100% fee simple
Effective Date	September 4, 2018
Signing Date of the Report	September 4, 2018
Current Use of the Property	Proposed commercial development
Property Identification	2255 32 Street NE, Calgary, AB

### 1.2 Scope of Work

The scope of work has included the following:

- ▼ A title search was done to determine if there are any easements, etc. affecting the property.
- ▼ An inspection of the exterior of the subject property, as well as the surrounding neighbourhood, was completed on July 26, 2018 and September 4, 2018. The photographs contained in Appendix B were taken on July 26, 2018 and September 4, 2018
- ▼ Review of publicly available physical, legal, social, political, economic and other factors that could affect the value of the subject property
- ▼ Collection of municipal information pertaining to the subject property such as zoning, assessment and taxes
- ▼ Review of documentation relating to the subject property provided by the client or their agent, including but not limited to building plans and pending sales information.

- ▼ Research of transactional data on land and buildings comparable to the subject property. As well, a market rental survey has been conducted to estimate rental rates for the subject property. Sources of market evidence included real estate agents as well as vendors and purchasers active in the market.
- ▼ Estimation of the highest and best use "as if vacant" and the highest and best use of the land "as improved" with the proposed use.
- ▼ Valuation of the interest in the subject property utilizing the most appropriate appraisal methodology; in this regard, the Direct Comparison and Income Approaches have been applied and later reconciled to a final estimate of value
- ▼ Consideration of the possible effect on value of an assemblage, consideration of the possible effect on value of anticipated public or private improvements and there is deemed to be none
- ▼ Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s)
- ▼ The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered to be reliable. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work for this assignment:

- ▼ This valuation does not consider any personal property
- ▼ Findings that may be discovered through more rigorous due diligence mandate
- ▼ A technical investigation such as the following was not completed:
  - ▼ detailed inspections or engineering review of the structure, roof or mechanical systems
  - ▼ an environmental review of the property
  - ▼ a site or building survey
  - ▼ investigations into the bearing qualities of the soil, or
  - ▼ audit of financial and legal arrangements concerning the subject property leases.

### 1.3 Extraordinary Limiting Conditions

---

An Extraordinary Limiting Condition, as defined in Section 2.20 of CUSPAP 2018, is a necessary modification or exception of a Standard Rule which may diminish the reliability of the report.

During the course of appraising the subject property, no Extraordinary Limiting Conditions were invoked.

### 1.4 Extraordinary Assumptions

---

An Extraordinary Assumption, as defined in Section 2.19 of CUSPAP 2018, is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions.

This report is subject to the following Extraordinary Assumption(s):

Extraordinary Assumptions	
"as is, where is"	<p>Based on discussions with the client, the subject property is currently an under construction commercial / office condominium development. There are a number of buildings at various stages of development and the development, upon completion, will contain 5 buildings (4 one storey and 1 two-storey).</p> <p>In order to value the property on an "as is, where is" basis, the appraiser will determine land value and apply a value to the existing improvements.</p>
Construction Costs	<p>Construction costs were provided by the client in file titled "Final Budget" and dated September 13, 2017. The cost to date was provided by a file titled "Cost - Completion" provided via PDF. There was no date on this file. For valuation purposes, these costs are assumed to be an accurate reflection of the actual cost to date and status of the development. A Quantity Survey Report is highly recommended and the appraiser reserves the right to amend this report if it is determined there is a significant difference in these costs.</p>
Development Permit	<p>According to the City of Calgary, the proposed development has been approved under the Development Permit (DP2015-4763). It is assumed for valuation purposes that this Development Permit has not expired.</p>
Environmental	<p>We are not qualified to determine the presence of environmental contaminants and for the purposes of this report; it has been assumed that the soil is free from any form of environmental contamination. Nevertheless, should any exist then any costs to remedy should be deducted from the reported value contained herein.</p>

## 1.5 Hypothetical Conditions

A Hypothetical Condition, as defined in Section 2.27 of CUSPAP 2018, is that which is contrary to what exists, but is supposed to exist for the purpose of analysis.

The estimated market value included herein will potentially be affected if any of the following Hypothetical Conditions are not realized:

Hypothetical Conditions	
"as is, where is"	<p>Based on discussions with the client, the subject property is currently an under construction commercial / office condominium development. There are a number of buildings at various stages of development and the development, upon completion, will contain 5 buildings (4 one storey and 1 two-storey).</p> <p>In order to value the property on an "As is, where is" basis, the appraiser will determine land value and apply a value to the existing improvements.</p>
Construction Costs	<p>Construction costs as well as the estimate of the current completion status were provided by the client. For valuation purposes, these costs are assumed to be an accurate reflection of the actual cost to date. A Quantity Survey Report is highly recommended and the appraiser reserves the right to amend this report if it is determined there is a significant difference in these costs.</p>
Development Permit	<p>According to the City of Calgary, the proposed development has been approved under the Development Permit (DP2015-4763). It is assumed for valuation purposes that this Development Permit has not expired.</p>

## 1.6 Ownership and History

The subject property is currently owned by Ceana Development Sunridge Inc. since 2016 when the site was purchased from 709202 Alberta Ltd. for a reported purchase price of \$6,000,000 or \$1,739,130 per ac. At the time of purchase, the site was vacant and being utilized for vehicle storage. As a proposed commercial condominium development, the developer indicates that all of the retail units have been conditionally pre-sold prior to construction.

## 2 Property Description

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### 2.1 Location Overview

---

Situated in the northeast sector of the City of Calgary, in the Sunridge Business Park district. Sunridge comprises commercial retail, industrial and suburban office development.

Boundaries of Sunridge include: 32nd Avenue to the north, 16th Avenue (Trans Canada Hwy.) to the south, Barlow Trail to the west and 36th Street to the east. The area is anchored by the Sunridge regional mall but also includes the Pauls Sunridge Business Park and the lands located along Barlow Trail extending north to 32nd Avenue NE.

Development in Sunridge has been significant since 1998 with development of the former Paul's land. More recent development includes box format retailers such as Home Outfitters and Lowe's. Only a few parcels in the Sunridge area remain undeveloped. Sunridge also has a concentration of RV and automotive dealerships located on or near Barlow Trail frontage lands.

Sunridge Business Park has a number of national corporate tenants including Costco, Lowe's, Superstore, United Furniture Warehouse and Minolta. Sunridge also has a number of regional RV and automotive dealerships. The area is well served by local and regional transportation routes, including Sunridge Boulevard providing a direct link to Barlow Trail, 32nd Avenue and 16th Avenue (Trans Canada Hwy east/west).

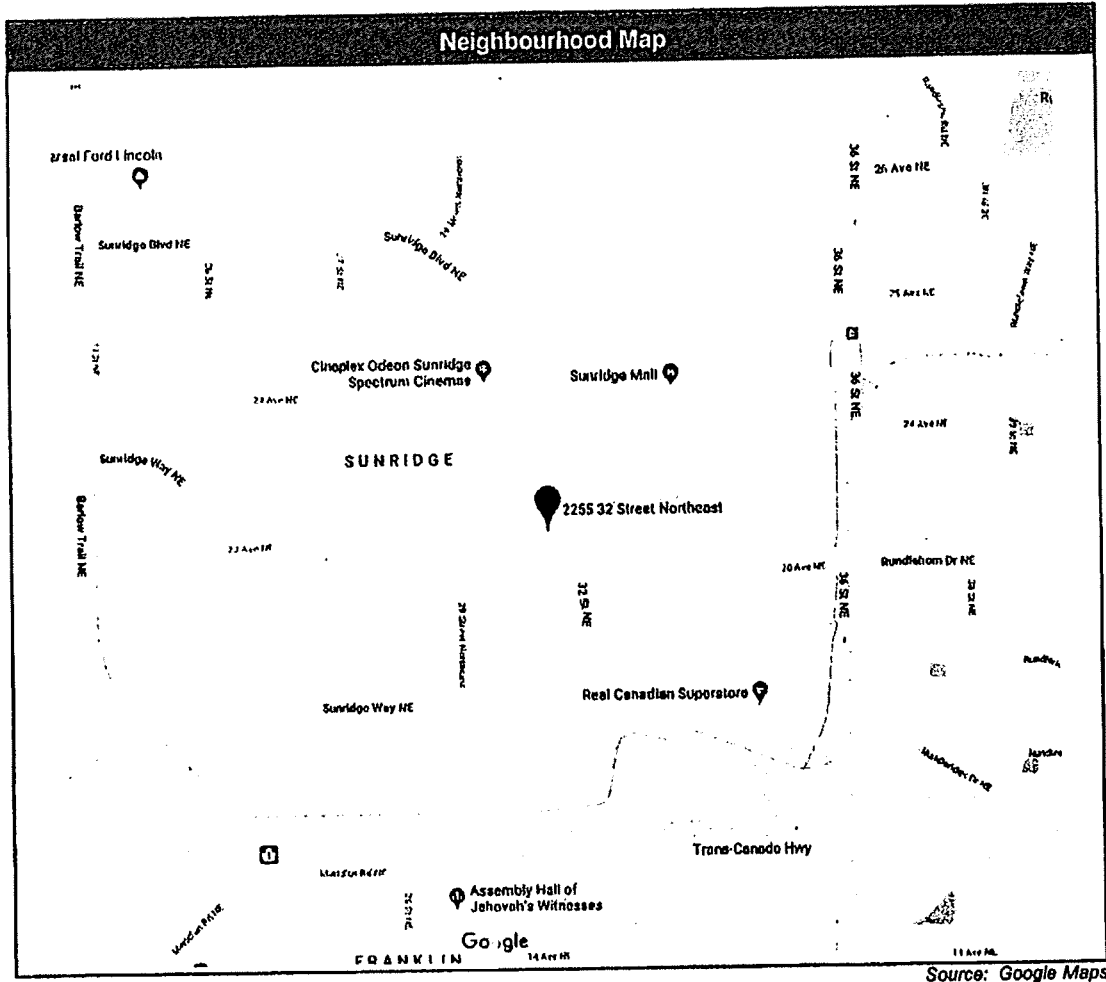
Access to a local labour pool would be well rated and there is a wide range of supporting amenities nearby.

#### Commentary

Sunridge Business Park is considered a strong location for office, commercial or quasi industrial use in light of its central position in the northeast market with excellent access to local and major thoroughfares.

Additional photographs of the subject property and maps are located in the Appendices.





### 2.1.1 Position and Access

Property Description – Position and Access	
Site Position	Corner site
Regional / Local Access	16th Avenue (TransCanada Highway), Barlow Trail NE
Public Transit	Available
Amenities	Available in close proximity to the subject
Surrounding Land Use	Commercial
Prominent Tenants in the Vicinity	Bank of Montreal, Dollarama, Sunridge Mall (Regional Mall)

## 2.1.2 Adjacent Land Uses

Property Description – Adjacent Land Uses	
North	23 Avenue NE/Commercial Development
South	South Road Access/Commercial Development
East	32 Street NE/Retail Development
West	West Road Access/Commercial Industrial Development

## 2.2 Site Description

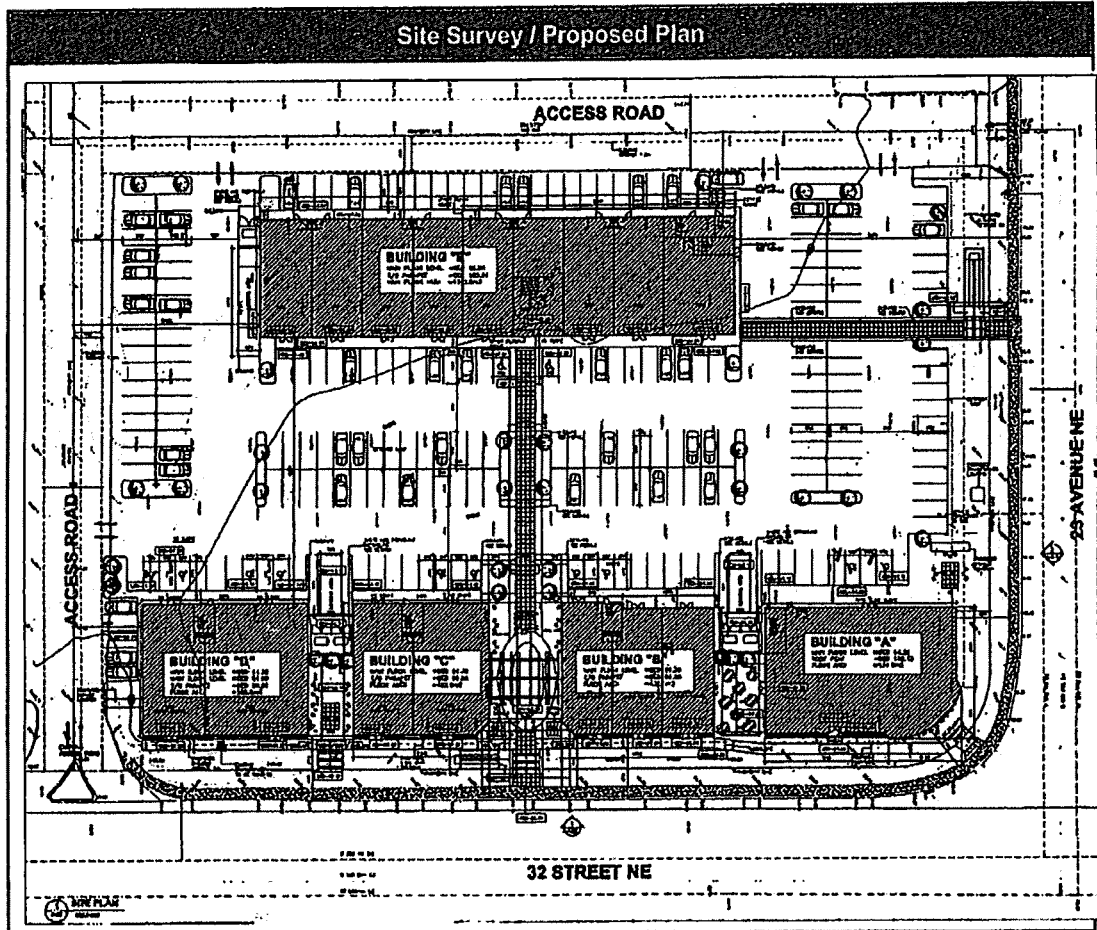
Property Description - Site Description	
Site Area	3.45 ac
Legal Description	Plan 9811891, Block 8, Lot 1
Topography	Level
Frontage	Along 32 Street and 23 Avenue NE
Depth	315 ft approximately
Configuration	Rectangular
Services	Available
Site Coverage	23% (Based on proposed development)
Site Density	28% (Based on proposed development)
Ingress / Egress	West Access road from 23 Avenue NE South Access road from 32 Street NE
Parking	221 surface parking stalls which indicates a rate of 5.3 stalls per 1,000 sf of NRA. (Based on proposed development)
Site Improvements	Landscaping along street frontages along with parking lot lighting.
Legal and Title Limitations	A full search and interpretation of the title are beyond the scope of this appraisal and the report is based on the assumption that there are no material encumbrances that would affect value unless otherwise noted. However, as encumbrances can have a significant impact on the market value and / or marketability, legal advice should be obtained if this assumption is required to be verified.
Environmental Limitations	I am not an expert in environmental matters and make no representations regarding them. For the purpose of this report, it is assumed that there is no environmental contamination. In order to

Property Description - Site Description	
	<p>verify this assumption, an environmental assessment would be required.</p> <p>As a result of this assumption, the impact on value of contamination, if any, has not been taken into account in this appraisal. If contamination does exist, this could have a negative impact on value.</p>

### 2.2.1 Legal and Title Limitations

Plan 9811891, Block 8, Lot 1	
Registration Number: 771 147 064	Zoning Regulations - Subject to Calgary International Airport Zoning Regulations.
Registration Number: 981 252 051 & 981 252 053	Restrictive Covenants relating to development.
Registration Number: 981 376 744	Easement over and for Benefit of Lots 1 to 5 on Block 8, Plan 9811891
Registration Number: 171 023 797 174 023 798 171 183 985 171 183 986 171 235 888 171 240 017 171 240 018 171 240 019 171 240 020 171 240 021 171 262 890 171 262 891 181 077 294	Mortgages and Caveats relating to mortgages.
Registration Number: 181 001 538 181 023 511 181 112 779 181 117 808 181 149 831 181 149 907	Builder's Lien's
Registration Number: 181 123 907	Utility Right of Way - Atco Gas and Pipelines Ltd.
Registration Number: 181 139 834	Certificate of Lis Pendens - Affects Instrument: 181 023 511

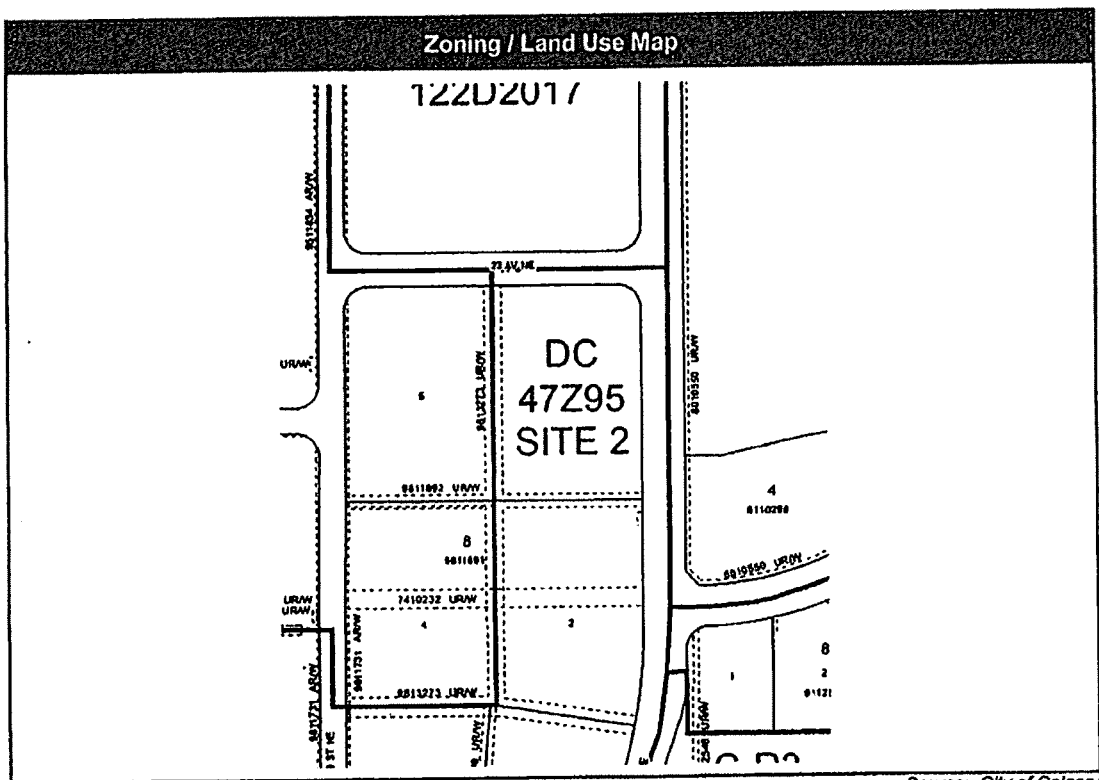
## 2.2.2 Site Survey / Plan



## 2.3 Land Use Controls

Property Description – Land Use Controls	
Policy Plan Type	City of Calgary 1P2007
Zoning / Land Use	Direct Control District DC 47Z95
Permitted Uses	The Permitted and Discretionary Uses of the I-2 General Light Industrial District shall be the permitted and discretionary uses respectively, with the additional discretionary uses of retail stores and medical clinics, and the deletion of flea markets, gaming establishments - bingo, and intensive agricultural uses.

Property Description – Land Use Controls	
Permitted Height	12.0 Metres
Parking Requirements	None.
Allowable Density	1.0 FAR
Excess Density / Expansion Potential	None noted given the proposed use.
Land Use Limitations	For the purposes of this appraisal, it has been assumed the data obtained from others is correct and, except to the extent noted, the use of property either conforms to the applicable bylaws and regulations or is a legal non-conforming use. In order to verify this assumption legal and planning advice would be required.



## 2.4 Building Description

The following is based on an inspection completed on July 26, 2018 and September 4, 2018 and data obtained from the client:

Property Description – Building Description					
Type	Proposed suburban commercial condominium development				
Year Built	Under Construction				
Number of Storeys	Single storey in buildings A to D with two storey in Building E				
Net Rentable Area	41,579 sf within 5 freestanding buildings				
Number of Units	23 demised as follows as per the developer plans:				
	Proposed Development				
		Area (Sq.M)	Area (SF) as per Plans	Area (SF) Saleable	% of Area
	Building A	574.6	6,185	6,185	14.05%
	Building B	438.5	4,720	4,850	10.72%
	Building C	402	4,327	4,474	9.83%
	Building D	500	5,382	5,438	12.23%
	Building E - Main	1350	14,530	13,032	33.00%
	Building E - Upper	825	8,880	7,590	20.17%
	Totals	4,090	44,024	41,569	100.00%
Structure	Steel frame construction				
Roof Type	EPDM rubber roof compound				
Exterior Cladding	Combination of sandwich panels, split face concrete and double glazed windows.				
Foundation	Poured-in-place concrete				
Floor	Reinforced concrete				
Fire & Safety	Assumed full sprinkler with fire extinguishers				
Security	Assumed adequate for the proposed development				
Mechanical Systems	Assumed adequate for the proposed development				
Electrical	Assumed adequate for the proposed development				


Signage	Assumed along street frontage
Construction	As of the date of inspection, construction of the subject development had ceased. According to construction costs provided by the developer, approximately \$1.2 million not including contingencies and soft costs had been spent on the project which equates to 15% completion based on a total hard cost to complete estimate of approximately \$8 million (See Extraordinary Assumptions).

## 2.5 Municipal Assessment and Taxes

The assessment and taxes are based on information obtained from the City of Calgary and are summarized as follows:

Property Description – Municipal Assessment and Taxes	
Total Assessment (2018)	\$3,690,000
Annual Taxes Payable:	\$ 71,683

## 2.6 Property Commentary

	<ul style="list-style-type: none"> <li>▼ The subject site is an attractive commercial industrial site well located within the commercial district of Sunridge.</li> <li>▼ The subject benefits from excellent exposure to 32 Street NE and close proximity to supporting commercial amenities as well as Sunridge Mall.</li> </ul>
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### 3 Market Overviews

#### Economic Trends - Calgary

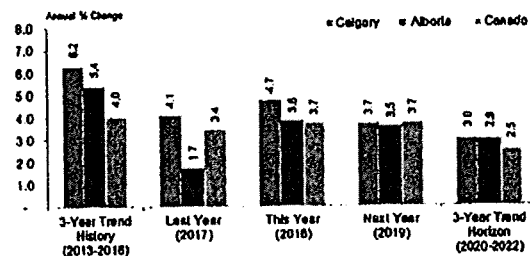
##### Economic Conditions

- After a very strong pace of growth earlier this decade, Calgary endured a protracted recession in 2015 and 2016 amid contracting activity in the oil and gas sector which negatively impacted a broad range of industries. However, economic growth bottomed in the first half of 2016 and sharply recovered in 2017, supported by increased oil sector production. Growth is likely to advance at a more moderate pace over the remainder forecast horizon as steadily increasing oil prices promote increased production and, eventually, stronger growth in capital investment, while increased provincial and federal government spending also provides a boost.

##### Income Growth

- Personal income growth advanced at a robust 6.2% average annual pace from 2013-2016 despite weak economic conditions and remained steady amid an employment recovery. Improved job gains should lead to positive income growth in 2018, with it moderating thereafter.

##### Personal Income Growth

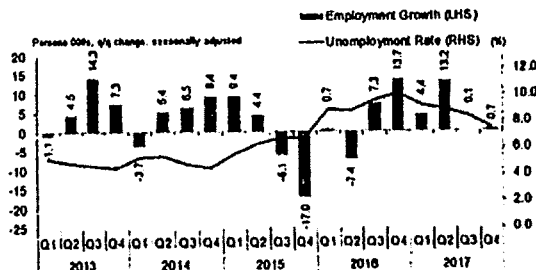


Source: Altus Group Economic Consulting based on Conference Board and Statistics Canada

##### Labour Market

- In the fourth quarter of 2017, employment rose by 700 workers to 850,700. This marked the sixth straight gain. The services sector is primarily responsible for the gain, particularly the healthcare and social assistance, accommodation and food services and transportation and warehousing industries.
- After peaking at the end of 2016, the unemployment rate has dropped to 7.5 in four consecutive quarters.
- Employment growth is likely to improve over the forecast horizon, supported by strengthening economic growth. Overall, employment is expected to increase by about 48,795 net new jobs between 2018-2022.

##### Labour Market

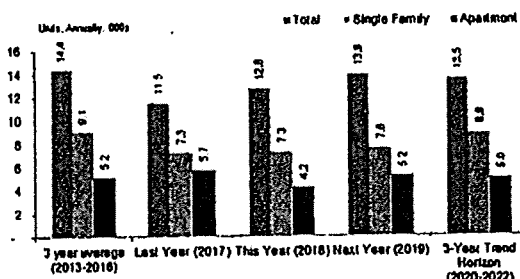


Source: Altus Group Economic Consulting based on Statistics Canada

##### Housing Market

- In the fourth quarter of 2017, work started on 3,140 new homes, 34% higher than the same period in 2016. Starts are likely to increase in 2018, with single-family and apartment units higher. Positive employment growth and stronger new home sales point to higher starts in 2018, despite an elevated level of completed and unabsorbed units. Ongoing population growth should sustain housing demand and starts over the remainder of the forecast horizon.
- Prices for existing homes increased by 1% in 2017 on an annual basis. Sales of existing homes increased by 6%. Positive growth in house prices came as sales were bolstered by an improving employment.

##### Housing Starts



Source: Altus Group Economic Consulting based on CMHC

Source: Altus Group Economic Consulting

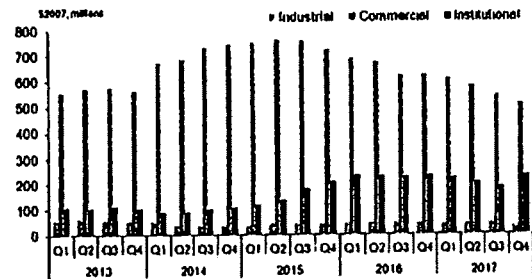


## Economic Trends - Calgary (Continued)

### Non-residential construction

- In the fourth quarter of 2017, non-residential investment remained steady at \$772 million (seasonally adjusted), with industrial and commercial spending lower.
- Non-residential investment peaked in the third quarter of 2015 and has subsequently trended lower, weighed on by the oil and gas sector turmoil.
- Non-residential investment should receive a substantial boost from the ongoing \$3 billion StoneGate Landing mixed-use project, slated to conclude in 2021. Spending should also receive support from ongoing construction of East Village mixed-use development, with a 230,000 sq. ft. retail centre currently under construction in the development.

### Investment in Non-residential Building Construction

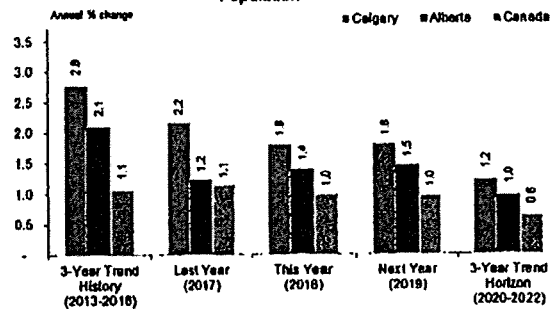


Source: Altus Group Economic Consulting based on Statistics Canada

### Population Growth

- Despite economic weakness, population growth remained relatively firm in 2017, boosted by international migration.
- Going forward, improved employment growth should help attract migrants, fueling ongoing population growth. The federal government's plan to settle between 280,000 and 320,000 immigrants in Canada will likely boost population growth in 2018, as some of these people will settle in Calgary.

### Population



Source: Altus Group Economic Consulting based on Statistics Canada

### Canadian Economic Outlook

- Canadian economic growth advanced at a 1.2% average annual pace from 2014-2016, slower than the long-term average. Growth then advanced at a 3.0% rate in 2017 thanks in part to strong migration and employment. In 2017, stabilization in the oil and gas sector contributed to recovering growth in the oil-levered provinces. This, combined with solid nation-wide consumer spending, ongoing government expenditures and positive residential investment contributed to very strong growth in 2017. Economic growth will likely moderate from its robust 2017 pace thereafter, but still remain relatively firm, supported by improved investment, ongoing U.S. demand and government spending. Forecast risks include potential negative impacts from a renegotiation of trade terms with the U.S. and potentially lower than expected business investment.

Source: Altus Group Economic Consulting

## 4 Highest and Best Use

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The reader is referred to Appendix A for the definition of highest and best use.

### 4.1 Highest and Best Use as if Vacant Land

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For the purpose of this report, we have evaluated the highest and best use of the subject, as a vacant development site. The highest and best use must meet four criteria. The use must be:

- ▼ Physically possible
- ▼ Legally permissible
- ▼ Financially feasible
- ▼ Maximally productive

The first test is what is physically possible. The site size, shape and topography appear suitable to support a range of contemplated urban land uses. Suitable site access and availability of municipal services is also an important consideration. In this instance, the site has good access from adjacent roadways with a full complement of municipal services.

The second test relates to legal and permitted use. The Direct Control Bylaw was approved specifically for the subject site and supports commercial industrial development to a maximum developed density of 1.0 FAR and a maximum height of 16.0 metres. The existing Development Permit was approved for a 44,024 sf development which equates to an FAR of 0.3.

The third and fourth tests are in respect to what is financially feasible and what will produce the highest net use return. In this instance, a commercial industrial development would be considered financially feasible and maximally productive, supported by the continued expansion of residential and retail in north Calgary. However, demand for office space has been weak and may not be feasible without a pre-leasing commitment or tenant niche.

With regard to above, the highest and best use of the subject is for mixed use development with the ultimate density determined by the specifics of the DC Land Use and the economics of development. Development timing would be considered immediate or near term.

## 5 Valuation

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There are typically three approaches used to estimate market value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

### Income Approach

The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The Income Approach is comprised of two primary methods:

**Direct Capitalization:** This procedure involves dividing the stabilized net annual operating income (NOI) by a singular rate that takes into account the investment characteristics of the subject property.

**Discounted Cash Flow (DCF):** This method calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

### Direct Comparison Approach

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.

### Cost Approach

The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

## 5.1 Valuation Methodology Selected

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The market value of the subject property has been estimated herein on a unit value basis as this is the most relevant unit of comparison applied within the market. A unit value comparison based on a per ac basis is considered to provide the best reflection of the development potential of the subject land and as such is utilized to estimate market value of this development site.

## 6 Direct Comparison Approach

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The Direct Comparison Approach has as its basis the comparison of the subject property with recent sales of properties that have similar characteristics in terms of location and building type. Where good, recent comparable property sales evidence is available the approach can provide a dependable value estimate.

The Direct Comparison Approach is considered useful not only in terms of estimated value, but also in demonstrating that the final value estimate concluded in the appraisal falls within a reasonable range of value evident in the marketplace.

The typical procedure for undertaking the Direct Comparison Approach involves:

- ▼ researching the market for data from sales, contracts, offers and listings of competitive properties;
- ▼ verifying that the data is accurate and representative of arm's-length transactions;
- ▼ determining relevant units of comparison;
- ▼ comparing the subject with the comparable property sales and adjusting the comparable property sales for differences; and
- ▼ reconciling the multiple value indications into a single value or range of values for the subject property.

### Attributes Compared

#### Time of Sale

The properties presented for analysis and adjustment cover a period from January 2015 to July 2017. Although there have been limited transactions in the past year, general consensus within the market has been that land prices have remained relatively stable for well positioned sites that can be held until development is warranted. No time adjustments are applied to the comparables gathered.

#### Site Size

All comparables are considered to be of somewhat similar size therefore, site size adjustments are not considered.

#### Physical Features

This adjustment is typically reflective of major physical attributes or topographical features that would impact future development potential. The subject represents a large corner site with street frontage along the north and east elevations. This enables good access and exposure for pedestrian and vehicular traffic. This is taken into consideration and considered superior to interior sites.

#### Location

This adjustment attempts to interpret a variety of influences including proximity to amenities, nature of surrounding land uses, likely character of the finished district, accessibility and exposure, as well as,

potential development time frame. To a great extent this adjustment is subjective in nature and will consider the overall location of the subject lands in comparison to sales evidence gathered.

### Land Use Designation

The land use classification of a property greatly affects the potential for development and ultimately the type of tenancies allowed. Generally, all comparables included have similar industrial land uses; however, some include additional commercial allowances which will be considered in the land use adjustment

### Comparable Property Sales Activity

The selection of comparable sales focuses on industrial and commercial land sales in central established or developing Calgary communities. Our research dates back several years to provide the reader with the most complete market perspective.

Sale No.	Address Vendor Purchaser	Area / Land Use	Ratio per acre	Sale Date	Comments
1	10920 38 Street NE Cena (Shepard Jacksonport) to 2036013 Alberta Ltd.	3 DC(1-2)	\$1,000,000	03-Nov-17	Sale of 3.0 acre site in the developing Jacksonport District in northeast Calgary Rectangular corner site Development in Jacksonport is a mix of commercial business park type uses. At the date of sale, no Development Permit was approved.
2	76 Westwinds Cres NE Kassam and Surani to Koh Custom Homes Ltd.	1.8 DC	\$1,205,114	27-Jul-17	Sale of smaller 1.80 acre site in the established Westwinds Commercial district in northeast Calgary Irregular shape mid block site At the time of sale, no Development Permit was in place
3	145 Glendear Circle SE R.P. Taylor Holdings Ltd. to Olympic Real Estate Development (AB) Inc.	1.3 1-C	\$1,888,667	10-Jul-17	Sale of 1.50 acre site in the established Calgary Auto Mall in southeast Calgary Irregular shaped interior site The site has direct exposure to Deerfoot Trail SE
4	28 Freepoint Place NE Surcor Energy Inc. to 1009936 Alberta Ltd.	2.42 DC(1-2)	\$1,340,000	16-Dec-16	Sale of 2.42 acre site in the established Freepoint Business Park in northeast Calgary End block site with exposure to three roadways Purchased by an established car dealer in the immediate area As of the date of sale, no Development Permit was in place
5	8450-8500 Blackfoot Trail SE Meadows Mile Professional Centre Inc. to D & P Investments	1.79 DC(1-C)	\$1,780,800	04-Nov-16	Sale of 1.79 acre site in the developing Blackfoot Trail Lands Irregular shaped corner site Meadows Mile Professional Centre is under construction with 3 storey professional office with ancillary retail Exposure location along Blackfoot Trail that is developing with new hotels, high end auto dealerships, office and retail
6	2255 32 Street NE 702202 Alberta Ltd. To Cena Development Sunrise Inc.	3.45 DC(1-2)	\$1,738,130	17-May-18	Sale of the subject site in May 2018 A Development Permit was approved soon after the closing for the proposed development
7	3830 12 Street NE Asken Group Inc. to Refrigeration Supply Limited	1.71 1-C	\$1,315,769	09-Mar-18	Sale of a 1.71 ac industrial site located in the northeast district of McCall Business Park Generally rectangular shape site with exposure to 12 Street NE Purchased by an owner user; however, no development plans were in place at the time of sale

## 6.1 Sales Activity

The Direct Comparison Approach requires adjustments to be made to the comparable property sales to reflect differing characteristics. The 'adjusted' comparable property sale price reflects the price that would have been paid if the comparable property sale had all the same characteristics as the subject.



The adjustment process can take the form of either 'quantitative' or 'qualitative' adjustments. The quantitative method applies specific plus and minus adjustments to each characteristic. The qualitative method provides an opinion as to whether the comparable property sale has superior or inferior characteristics to the subject but does not apply dollar or percentage quantum to each character difference. In our analysis, we have utilized the qualitative method.

The most important characteristics of each comparable property together with our time and qualitative adjustments for differences to the subject are shown in tabular form on the next page.

Direct Comparison Approach - Summary of Adjustments							
Subject Property		Index No. 1	Index No. 2	Index No. 3	Index No. 4	Index No. 5	Index No. 6
Address		2255 32 Street NE	76 Westwinds Cres NE	145 Glendear Circle SE	28 Freeport Place NE	8450-3500 Blackfoot Trail SE	2255 32 Street NE 2734 - 2752 Sunrife Way NE
Land Use	Calgary, AB	Calgary, AB	Calgary, AB	Calgary, AB	Calgary, AB	Calgary, AB	Calgary, AB
Land Area (Acre)	DC(I-2) 3.45	DC 1.60	I-C 1.50	DC(I-2) 2.42	DC(I-C) 1.79	DC(I-2) 3.45	I-C 1.77
Sale Date		Jul-17	Jul-17	Dec-16	Nov-16	May-16	Jan-16
Sale Price		\$1,928,182	\$2,500,000	\$3,242,800	\$3,150,000	\$6,000,000	\$2,250,000
Price Per Ac		\$1,205,114	\$1,666,667	\$1,340,000	\$1,760,000	\$1,739,130	\$1,384,000
Time adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Time adjusted Price PSF		\$1,205,114	\$1,666,667	\$1,340,000	\$1,760,000	\$1,739,130	\$1,384,000
QUALITATIVE ADJUSTMENTS							
Size		Similar	Similar	Similar	Similar	Similar	Similar
Physical Features		Inferior	Inferior	Similar	Inferior	Similar	Similar
Location		Inferior	Similar	Inferior	Similar	Similar	Inferior
Land Use		Similar	Superior	Similar	Superior	Similar	Superior
Overall Comparison		Higher	Similar	Higher	Similar	Similar	Higher



The adjustment for time is considered to reflect any increase or decrease in land values when comparing the effective date of this report to historical land sales. In this instance, no significant adjustment for time was considered.

#### Index #1

Index #1 is the July 2017 sale of a vacant site located in the northeast commercial district of Westwinds selling at \$1,205,114 per ac. This 1.60 ac site is located in close proximity to commercial amenities and under the DC land use guidelines, would allow for a mix of commercial development. This site is an irregular shape mid block parcel with exposure primarily to local traffic. Overall, we would expect a higher rate per ac for the subject relative to this sale given the subject's superior location and exposure.

#### Index #2

Index #2 is the July 2017 sale of an I-C (Industrial - Commercial) vacant site located along Glendeer Circle SE in the Calgary Auto Mall indicating a rate per ac of \$1,666,667. This mid block site benefits from excellent exposure to Deerfoot Trail and was used as a parking lot for the adjacent automotive dealers. The I-C land use is similar to the subject; however, it does allow for more commercial uses. On balance, adjustments physical features and land use are largely offsetting and we would anticipate a somewhat similar unit rate for the subject site.

#### Index #3

Index #3 is the December 2016 sale of a DC/I-2 vacant site located in the northeast district of Freeport indicating a unit rate of \$1,340,000 per ac. This commercial industrial district features a number of automotive dealerships along Country Hills Blvd as well as other commercial development. The only adjustment required would be for location as this site has limited exposure relative to the subject site. Overall, a higher unit rate would be expected for the subject relative to this sale.

#### Index #4

Index #4 is a November 2016 sale of a 1.79 acre development site selling at \$1,760,000 per acre. This site is located along Blackfoot Trail SE and is being developed with the Meadows Mile Professional Centre. The location is commercial oriented but has been quite popular with new hotels, high end auto dealerships, office and retail. Relative to the subject, the location is somewhat comparable but this particular site is irregular in shape and includes a private road easement unique to the Blackfoot Trail development. After adjustments for physical features and land use are applied, a similar rate would be expected for the subject.

#### Index #5

Index #5 is the sale of the subject site in May 2016 at \$1,739,130 per ac. Since the sale, a Development Permit has been approved and construction has commenced.

#### Index #6

Index #6 is the January 2015 sale of a 1.77 ac site located along Sunridge Way NE indicating a price per ac of \$1,384,000. This site is located within the same district of the subject site; however, there is only



one access point along 23 Avenue NE and the site is located further away from the Sunridge Commercial node. For these reasons, a higher unit rate would be applicable for the subject.

## 6.2 Estimate of Market Value (Direct Comparison Approach)

The sales presented provide an unadjusted range of values from \$1,200,000 to \$1,760,000 per acre.

The commercial land market has exhibited steady demand combined with a limited number of opportunities to purchase land for automotive development, particularly in key districts with good traffic exposure. The subject property is well located with good traffic exposure along 32 Street NE and immediately west of Sunridge Mall, a major regional shopping complex. The sales presented are of similar commercial industrial sites that were vacant and available for development.

In concluding a land value estimate, consideration was given to the following:

- ▼ Prime site located in an established commercial node
- ▼ Prominent 32 Street NE exposure
- ▼ Good linkage to local communities and major transportation routes

With all factors considered, a land value range of \$1,600,000 to \$1,750,000 per acre is considered reasonable for the subject which is well within the range of the purchase price paid for the site at \$1,740,000 per ac. Therefore, the original price paid for the site at \$1,740,000 per ac is concluded. This results in the following estimate of land value.

Land Value	
Unit Value Estimate (Per ac)	\$1,740,000
Site Area (ac)	3.45
Site Value Estimate	\$6,003,000
Final Value (Rounded)	\$6,000,000

## 6.3 Contributory Value of Improvements - "As Is"

Construction on the subject (2255 32 Street NE) has commenced. For purposes of this analysis, contributory value of the subject property, as at the effective date, will be based on the reported costs incurred to date, assuming they are an accurate reflection of their 'as is' condition.

According to the cost estimated provided, total cost of the project was estimated at \$8,021,358 dollars while approximately \$1,486,787 has been spent to date which indicates that approximately 21.8% of construction has been completed. This excludes the costs of land. As per our Extraordinary Assumptions, we have adopted these costs as part of our analysis.

As the subject site has had some significant site works and preliminary planning to date, a market discount is considered applicable to reflect the discount required to entice a prudent investor or developer to take over and complete the project. Furthermore, the recent economic slowdown within the Province combined with the significant increase in downtown office vacancy has decreased demand for new office space. Therefore, an alternative investor may experience a prolonged holding period or may incur additional holding costs due to potential vacancy risk upon completion.

Given the current market conditions, we believe an overall market discount of 30% to 50% is considered reasonable. For this analysis, a 40% discount is applied in estimating the contributory value of the report costs incurred to date. Therefore:

<b>Contributory Value of Improvements "as is"</b>	
Construction (Hard & Soft) Costs Incurred to date	\$1,486,787
Less: Market Discount (40%)	<u>-\$594,715</u>
Estimated Value of Construction Costs to date	\$892,072
<b>Estimated Contributory Value (Rounded)</b>	<b>\$890,000</b>

#### 6.4 Summary of Market Value "as is, where is"

Based on the preceding analysis, overall market value of the subject property in "as is, where is" condition as at September 4, 2018, is estimated as follows:

<b>Market Value</b>	
Market Value of Land "as vacant"	\$6,000,000
Contributory Value of Improvements	\$890,000
<b>Estimated Contributory Value (Rounded)</b>	<b>\$6,890,000</b>

## 7 Final Value Conclusion

Further to the analysis of the subject property and of the market data outlined in this report, the current market value of the property located at 2255 32 Street NE, Calgary, as at September 4, 2018, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5, is:

Market Value Conclusion
<b>\$6,890,000</b>
<b>Six Million Eight Hundred Ninety Thousand Dollars</b>

Based on this estimate of current market value, the liquidity of the subject property is expected to be "Modest". An estimated exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value.

### 7.1 Forced Sale Value

The term 'forced sale' is often used in circumstances where a seller is under compulsion to sell and/ or a proper marketing period is not available. The prices obtainable in these circumstances may not meet the definition of market value. It will depend upon the nature of the pressure on the seller or the reasons why proper marketing cannot be undertaken. It may also reflect the consequences for the seller of failing to sell within a specified period. Unless the nature of, and reason for, the constraints on the vendor are known, the price obtainable in a forced sale will reflect its particular circumstances, rather than those of the hypothetical willing seller in the market value definition. The price obtainable in a forced sale will bear only a coincidental relationship to market value, or any of the other bases defined in International Valuation Standard 2 (IVS 2). 'Forced sale' is not a basis of valuation. It is a description of the situation under which a transfer takes place, not a distinct measurement objective.

#### 7.1.1 Definition – Forced Sale Value

The highest price which a property can reasonably be expected to bring, if offered for sale without the consent or concurrence of the owner by virtue of judicial process, in what may be a restricted market place, within a restricted time frame, to a prudent, willing and able purchaser who may have limited knowledge about the property, its uses and capability.

While the preceding conditions/observations are logical, the process of formulating a forced sale or corresponding reduction from an estimate of market value remains highly subjective and difficult to quantify.

Historically, a review of judicial sales as recorded through the Alberta Court system supports a wide range of value discounts from a high of approximately 50% to a low of 5%. Typically, forced sale values reflect reductions from market in the range of 10% to 20%. The specific physical and locational attributes of each asset involved in a foreclosure proceeding has much to do with its eventual sale in the judicial process. Without detailing specific characteristics, suffice it to say that higher quality assets in sound locations attract greater interest at lesser discounts than marginal properties exhibiting various forms of obsolescence.



The final estimate of discount for Forced Sale is ultimately subjective. In selecting a discount for the subject, we have taken in to account the location, condition of the improvements and vacant nature of the subject property as at the effective date in to consideration. For the purposes of this analysis, a 15% discount from the Market Value is considered reasonable for the subject property. Therefore total Forced Sale Value is as follows:

Forced Sale Value Conclusion
<b>\$5,860,000</b>
<b>Five Million Eight Hundred Sixty Thousand Dollars</b>

## 8 Certification

Effective Date: September 4, 2018  
Property Appraised: 2255 32 Street NE, Calgary, AB

I certify that, to the best of my knowledge and belief that:

- ▼ The statements of fact contained in this report are true and correct.
- ▼ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- ▼ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. I am therefore an independent and external professional.
- ▼ I am not in a conflict of interest to undertake this assignment.
- ▼ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▼ My engagement in and compensation for this assignment was not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- ▼ My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▼ I have the knowledge and experience to complete this assignment competently, and where applicable, this report is co-signed in compliance with Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards..
- ▼ The subject property was inspected by Tammy Magny McDowell, B.A. (Econ), AACI, P. App and Fraser Dyer B.Sc. (Hons), MRICS, AACI P.App on July 26, 2018 and September 4, 2018 respectively. The inspection was considered sufficient to describe the real estate, develop an opinion of highest and best use and make meaningful comparisons with other market data. A detailed inspection to report building condition is beyond the scope of this assignment.
- ▼ No one provided professional assistance or third-party professional assistance to the undersigned.
- ▼ As of the date of this report, Tammy Magny McDowell, B.A. (Econ), AACI, P. App and Fraser Dyer B.Sc. (Hons), MRICS, AACI P.App have fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated and candidate members, and are members in good standing of the Appraisal Institute of Canada. In addition, pursuant to the Real Estate Act of Alberta, the undersigned are licensed real estate appraisers in the Province of Alberta.

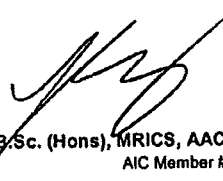
In my opinion, the current market value of the fee simple interest in the subject property "as is, where is", subject to the specific and extraordinary assumptions and limiting conditions as laid out clearly starting on page 2 of this report and the Ordinary Assumptions contained in the Appendices under Appendix A, as at September 4, 2018, is \$6,890,000 and the Forced Sale Value is \$5,860,000.

Appraiser



Tammy Magny McDowell, B.A. (Econ), AACI, P. App  
AIC Member #: 902474

Co-Signer



Fraser Dyer B.Sc. (Hons), MRICS, AACI P.App  
AIC Member #: 902928

Signing Date: September 4, 2018  
Attachments and Appendices

Appendix A - Altus' Terms of Reference  
Appendix B - Visual Identification

## Appendix A    Altus' Terms of Reference

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Ordinary Assumptions and Limiting Conditions

Definitions

## Ordinary Assumptions and Limiting Conditions

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The following Ordinary Assumptions and Limiting Conditions apply to real estate appraisals prepared by Altus Group ("Altus"). Any Special Conditions have been added as required.

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP"), Professional Standards of the Royal Institute of Chartered Surveyors (RICS), International Valuation standards (IVS), published by the International Valuation Standards Council and any other Appraisal Organization to which the appraiser is a member and the following conditions.

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the authors, subject to the qualification below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. No consideration is given to liens or encumbrances against the property. Where title information is provided within the report, it is presented for information purposes only. No opinion is rendered as to the property title, which is assumed to be good and marketable. The property is appraised on the basis of it being under responsible ownership. The appraisal assumes that the property will be competently managed, leased and maintained by financially sound owners over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's or owner's effectiveness, nor is/are the appraiser(s) or Altus responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property. Further: maps, photographs or any other graphic aids included in this report are only intended to assist the reader in visualization of the property, and are not intended for technical purposes.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires



information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
10. The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP. Any inaccessible portions of the property or improvements not inspected are assumed to be as reported or similar to the areas that are inspected.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed within a reasonable time and in a workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
13. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
15. This appraisal report, its content and all attachments/appendices and their content are the property of the AIC member(s) signing the report and all copyright is reserved to the author(s). The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, appendix, all attachments and the data contained within for any commercial, or other, use.
16. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. Where the intended use of this report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user has or will conduct loan underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis. Liability is expressly denied to those that do not meet this condition.
18. Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting even when not otherwise required.
19. Unless specifically stated, the value conclusion(s) contained in the appraisal applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. The appraisal report is limited to surface rights only, and does not include any inherent subsurface or mineral rights. Income tax considerations have not been included or



valued unless so specified in the appraisal. No representations are made as to the value changes that may be attributed to such considerations.

20. It is assumed that legal, engineering, or other professional advice, as may be required, has been or will be obtained from properly qualified legal professional sources and that the appraisal report will not be used for guidance in legal or technical matters such as, but not limited to, the existence of encroachments, easements or other discrepancies affecting the legal description of the property. It is assumed that there are no concealed or dubious conditions of the subsoil or subsurface waters including water table and flood plain, unless otherwise noted.
21. It is assumed that any and all liabilities that might accrue against the real estate such as taxes, hypothecs, contracts or services of any kind, are paid when due. Taxes and other fees (e.g. broker commissions) incurred during the hypothetical sale of the real estate are not addressed in this report.
22. Appraisal reports may contain estimates of future financial performance, estimates or opinions that represent the appraiser's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analyses will vary from those described in this report, and the variations may be material.

23. The value is based on the purchasing power of the Canadian dollar as of that date.
24. The issuance of a draft report is for the initial review of findings (by the client) and is provided provisionally and subject to completion of the final report.

It is on no account to be published or disclosed or used for any other purpose than review (by the client).

Altus Group accepts no liability for the misuse of a draft report.

Amendments to the report may be considered if new information subsequently comes to light, although additional fees may accrue in the analysis of this information.

If within one week of delivery of the draft PDF there have been no further comments or queries, the appraiser(s) and Altus Group considers this as Borden Ladner Gervais's tacit approval of the contents and opinions expressed therein and the final report will be issued accordingly.

## Definitions

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### Altus InSite Investment Trends Survey

Altus InSite undertakes a survey of the Canadian real estate industry to determine the informed consensus opinion on investment performance trends and valuation parameters from Canada's key investors, lenders and other opinion leaders. The results of this quarterly survey are presented online as a series of data reports and charts for the Office, Retail, Industrial and Multiple Unit Residential asset classes for seven major markets across Canada.

### Highest and Best Use

Highest and best use may be defined as:

"The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value."<sup>1</sup>

The highest and best use of both land as though vacant and the property as developed must meet four criteria. The highest and best use must be:

**Physically Possible:** The size, shape, terrain and soil conditions of a parcel of land affect its physical utility and adaptability. The size, design and condition of an improved property may suggest that rehabilitation, conversion or demolition is in order

**Legally Permissible:** Depends on public restrictions such as zoning, building codes, historic preservation regulations and environmental controls, as well as the private or contractual restrictions found in deeds and long-term leases

**Financially Feasible:** Uses that should produce returns that exceed the income required to satisfy operating expenses and debt service (interest and amortization)

**Maximum Return:** Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market.

### Fee Simple<sup>2</sup>

An interest consisting in absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

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<sup>1</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2018, Section 2.26

<sup>2</sup> *The Appraisal of Real Estate: 3rd Canadian Edition*, Vancouver, University of British Columbia Real Estate Division, 2010, Section 6.2

### Leased Fee<sup>3</sup>

An ownership interest held by the landlord with the rights of use and occupancy conveyed by the lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained with the lease.

### Leasehold<sup>4</sup>

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

### Liquidity

I have provided my opinion on the liquidity of the subject property if it were placed on the open market for sale. The summary shows a single-word description from Excellent through Poor, explained as follows:

#### Excellent Liquidity

- May achieve a price above market value and within a brief marketing period
- ▼ High competition among buyers, keen and able to make an acquisition
- ▼ Rare availability of similar assets
- ▼ A high availability of both debt and equity
- ▼ Brief marketing period is possible
- ▼ Evidence of similar properties achieving price above a common view of market value
- ▼ Overwhelming strengths of investment character

#### Good Liquidity

- Likely to achieve market value within a reasonable marketing period
- ▼ Buyers, keen and able to make an acquisition
- ▼ Restricted availability of similar assets
- ▼ A good availability of both debt and equity
- ▼ Reasonable marketing period and brokerage effort required in order to achieve market value
- ▼ High confidence of brokers able to achieve market value estimate
- ▼ Similar properties demonstrate pricing at a common view of market value
- ▼ Investment character strengths outweigh the weaknesses

#### Modest Liquidity

- Value may be difficult to achieve; a more extensive marketing period may be required
- ▼ Selective and few buyers
- ▼ Demand/supply of investment opportunities is in balance
- ▼ A good availability of debt but at higher margins
- ▼ More cautious sources of equity
- ▼ Strengths and weaknesses of investment character offset each other
- ▼ More extensive marketing effort required in order to achieve value
- ▼ Similar properties demonstrate pricing at a common view of market value

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<sup>3</sup> *The Appraisal of Real Estate: 3rd Canadian Edition, Vancouver, University of British Columbia Real Estate Division, 2010, Section 6.4*

<sup>4</sup> *Ibid.*

#### Poor Liquidity

Value is difficult to gauge and achieve notwithstanding an extensive marketing period

- ▼ Very few buyers and limited to a speculative nature only
- ▼ Unusual assets, or high, or potentially high availability of similar assets
- ▼ Poor availability of debt even at higher margins
- ▼ Very cautious sources of equity
- ▼ Limited trading activity
- ▼ Extensive marketing period required
- ▼ Overwhelming weaknesses of investment character
- ▼ Low broker confidence

#### Market Value

Market Value is defined by the Appraisal Institute of Canada in the *Canadian Uniform Standards of Professional Appraisal Practice*<sup>5</sup> as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ▼ buyer and seller are typically motivated;
- ▼ both parties are well informed or well advised, and acting in what they consider their best interests;
- ▼ a reasonable time is allowed for exposure in the open market;
- ▼ payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- ▼ the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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<sup>5</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada. 2018. Section 18.8.4.1.

#### Forced Sale Value

The highest price which a property can reasonably be expected to bring, if offered for sale without the consent or concurrence of the owner by virtue of judicial process, in what may be a restricted market place, within a restricted time frame, to a prudent, willing and able purchaser who may have limited knowledge about the property, its uses and capability.

While the preceding conditions/observations are logical, the process of formulating a forced sale or corresponding reduction from an estimate of market value remains highly subjective and difficult to quantify.

Historically, a review of judicial sales as recorded through the Alberta Court system supports a wide range of value discounts from a high of approximately 50% to a low of 5%. Typically, forced sale values reflect reductions from market in the range of 10% to 20%. The specific physical and locational attributes of each asset involved in a foreclosure proceeding has much to do with its eventual sale in the judicial process. Without detailing specific characteristics, suffice it to say that higher quality assets in sound locations attract greater interest at lesser discounts than marginal properties exhibiting various forms of obsolescence.

#### Exposure Time

Exposure Time is an estimate of the length of time that the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

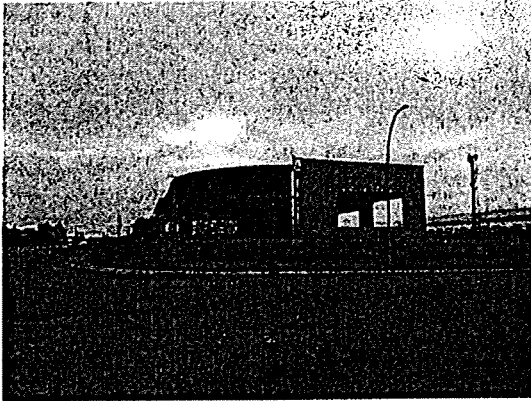
Exposure Time is a retrospective estimate based upon experience and the opinions gathered from real estate brokers active in the field. The estimate of time period for reasonable exposure is not intended to be a prediction, but is an estimate of the amount of time that the property would have required to be exposed for sale on the open market in an appropriate manner, and using an experienced broker.

## Appendix B    Visual Identification

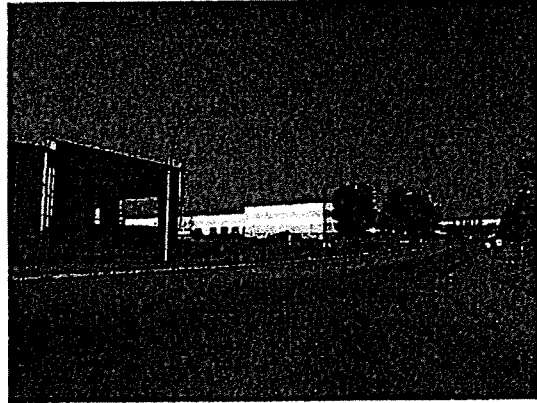
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Photographs of Subject Property  
Municipal Map

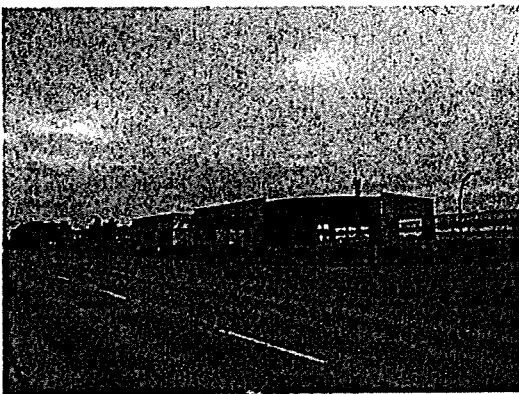
Photographs of Subject Property



*View of Subject Site from 32 Street and 23 Avenue NE*



*Looking West along 23 Avenue NE - Subject at Left*



*Looking South along 32 Street NE - Subject at Right*



*View of Subject Site from 32 Street and South Access Road*



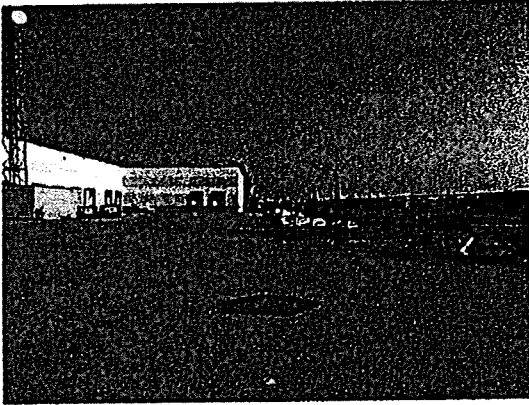
*Looking West along South Access Road - Subject at Right*



*View of Subject Site from West Access Road*



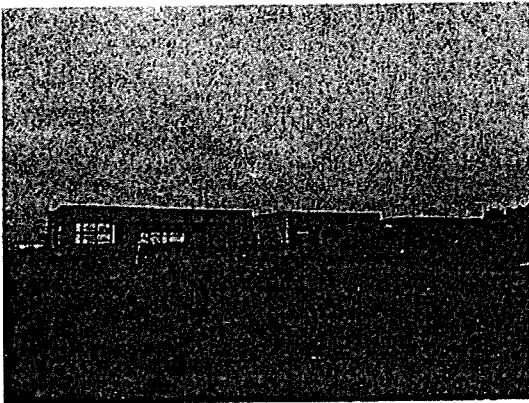
Photographs of Subject Property



*Looking North along West Access Road - Subject at Right*



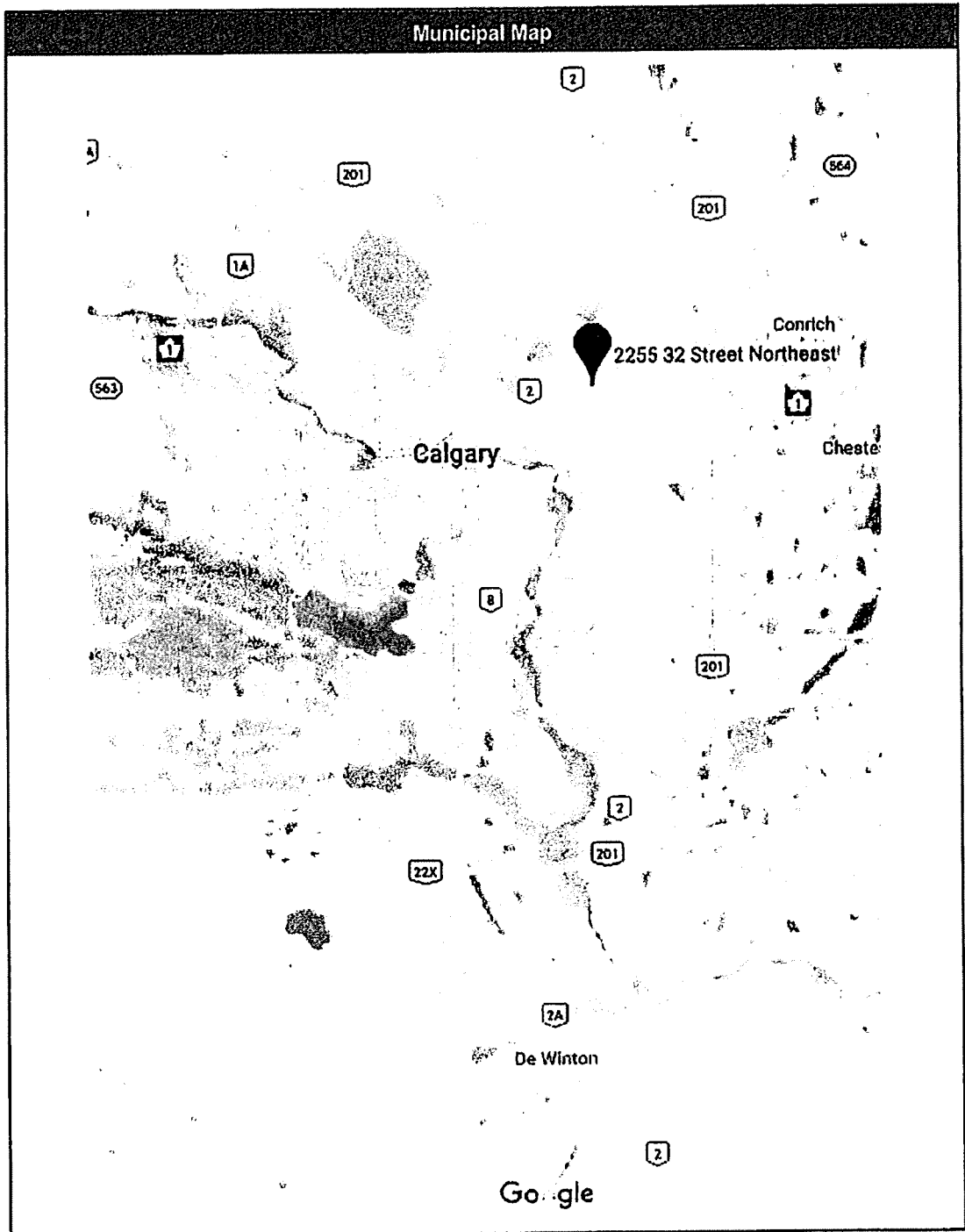
*Looking Southeast at Subject Site*



*Looking Southeast from Corner of West Access Road and 23 Avenue NE*



*Looking East along 23 Avenue NE - Subject at Right*



THIS IS EXHIBIT "H" TO THE  
AFFIDAVIT OF KEITH FERREL

Sworn before me at the City of Calgary,

in the Province of Alberta,

the 21<sup>st</sup> day of June, 2019

  
A Commissioner for Oaths

in and for the Province of Alberta

TERRY TROJANOSKI

A Commissioner for Oaths

in and for the Province of Alberta

my Commission expires June 6, 2021  
Appointee No. 0736887



## Tax Information

### Query Information

Request Number: 27449151	Charged: Yes	Response Date: 2019-06-20
CompanyID: ELDORWAL	UserID: KMANCA	Folio #: 559316-3
Search Key: 9811891 8 1		

### Title Information

Parcel Address: 2255 32 ST NE

Title #: 161114536  
Description: 9811891;8;1

### Assessment and Property Tax Information for 049014707

Roll #: 049014707		
2019 Assessment Value: 4,780,000	MPD	Municipality: Calgary
Supplementary Assessment: 0		Supplementary Tax Levy: 0.00
Supplementary Months: 0		Tax Status: Taxable
2019 Tax Levy (includes Supplementary Tax Levy - as shown above & Local Improvement Levies):		105,263.73
Account Balance Owing: 191,885.97		
Current Tax: 105,263.73		Current Penalty: 0.00
Arrears: 81,719.10		Arrears Penalty: 4,903.14
# of Buildings on Site:		
Property Use:		Sub-property Use:
<ul style="list-style-type: none"><li>Commercial</li></ul>		<ul style="list-style-type: none"><li>CM0210 Retail - Shopping Centres - Strip</li></ul>
Building Type		Actual Year of Construction:
		<ul style="list-style-type: none"><li>N/A</li></ul>

### Taxable Local Improvement Information

No Taxable Local Improvements exist for this account.(#21180)



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