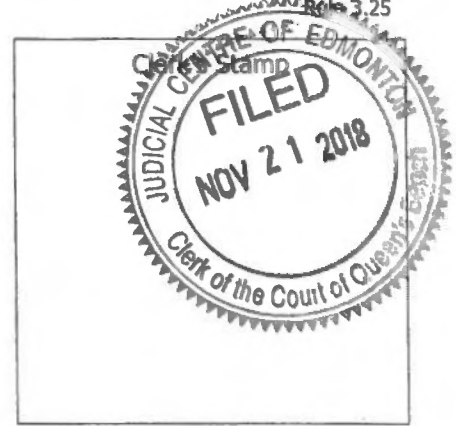


COURT FILE NO. 1803 21971

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA

DEFENDANTS 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.

DOCUMENT AFFIDAVIT OF HARDEEP SINGH

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 733-9757 Email: crussell@mross.com File No.: 184182
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AFFIDAVIT OF HARDEEP SINGH SWORN ON THE 20 DAY OF NOVEMBER, 2018

I, HARDEEP SINGH, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am employed by Plaintiff Business Development Bank of Canada Ltd. ("BDC") in the capacity of Senior Account Manager, Special Accounts. I have reviewed the books and records of BDC prepared in the ordinary course of business and as such have a personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief. I am authorized by BDC to make this Affidavit.
2. BDC is a lending institution carrying on business in the Provinces of Alberta and Saskatchewan and elsewhere in Canada.
3. The Defendant 1119658 Alberta Ltd. ("111") is a body corporate incorporated pursuant to the *Business Corporations Act* of Alberta.
4. The Defendant 101285461 Saskatchewan Ltd. ("101") is a body corporate incorporated pursuant to the *Business Corporations Act* of Saskatchewan.
5. To the best of my knowledge, 101 and 111 (collectively, the "Borrowers") are sister corporations, whose common shareholder is Kuldeep Maan ("Maan"), a resident of Sherwood Park, Alberta.
6. By offers of financing issued by BDC and dated July 8, 2015 (the "Commitment Letters"), BDC agreed to provide financing to the Borrowers by way of two loans, Loan #089654-01 in the case

of 111 (the "**111 Loan**") and Loan #089712-01 in the case of 101 (the "**101 Loan**"). Attached hereto and marked as **Exhibits "A"** and "**B"** respectively are true copies of the Commitment Letters.

7. The 111 Loan is secured by a charge on lands located in Drayton Valley, Alberta legally described as Lot 8, Block 151, Plan 0720020 (the "**Alberta Lands**") in the principal amount of \$5,500,000 dated July 30, 2015 (the "**Alberta Mortgage**") and a general security agreement dated July 30, 2015 (the "**111 GSA**"). Attached hereto and marked as **Exhibits "C"**, "**D"** and "**E"** respectively are true copies of the Alberta Mortgage, the 111 GSA and Standard Mortgage Terms registered at the Alberta Land Titles Office as document number 112 052 406.
8. The 111 Loan is further supported by a guarantee by 101 in the principal amount of \$2,750,000 dated July 30, 2015 (the "**101 Guarantee**"), secured by a mortgage over lands legally described as Lots 11 & 12, Parcel 7, Plan 99Y06931 Extension 0 located in Yorkton, Saskatchewan (the "**Saskatchewan Lands**") in the principal amount of \$5,500,000 dated July 30, 2015 (the "**Saskatchewan Mortgage**"). 101 further provided a general security agreement in favour of BDC as security for performance of its guarantee obligations dated July 30, 2015 (the "**101 GSA**"). Attached hereto and marked as **Exhibits "F"**, "**G"** and "**H"** respectively are true copies of the 101 Guarantee, the Saskatchewan Mortgage and the 101 GSA.
9. The 111 GSA and the 101 GSA were registered in accordance with law, and attached hereto and marked as **Exhibits "I"** and "**J"** respectively are true copies of Personal Property Registry search results evidencing the same from each of Alberta and Saskatchewan Personal Property Registries.
10. The Alberta Mortgage and the Saskatchewan Mortgage have been duly registered as against the Alberta Lands and the Saskatchewan Lands respectively, and attached hereto and marked as **Exhibit "K"** and "**L"** respectively are true copies of search results from the relevant Land Titles Offices evidencing the same.
11. The proceeds of the 111 Loan were utilized to pay out existing financing on the Alberta Lands in the approximate amount of \$800,000, with the balance of approximately \$1,950,000 being utilized to enable 101 to acquire the Saskatchewan Lands.
12. The 101 Loan is secured by the Saskatchewan Mortgage and the 101 GSA.
13. As further security for the 101 Loan, 111 has provided a guarantee in the principal amount of \$2,750,000 dated July 30, 2015 to BDC (the "**111 Guarantee**") secured by the Alberta Mortgage and the 111 GSA. A true copy of the 111 Guarantee is attached hereto and marked as **Exhibit "M"**.
14. Default has been made in performance of obligations owed to BDC by the Borrowers, and by letters dated August 23, 2018, BDC demanded payment on the Borrowers and Maan. Attached hereto and marked collectively as **Exhibit "N"** to this my Affidavit are true copies of such demands.
15. The Saskatchewan Lands are a 1.63 acre parcel in Yorkton, Saskatchewan upon which has been built a hotel known as the Quality Inn & Suites Yorkton (the "**Saskatchewan Hotel**").
16. The Alberta Lands are a 2.0 acre parcel in Drayton Valley, Alberta upon which has been constructed a hotel known as the Westwood Inn (the "**Alberta Hotel**").

17. As at August 23, 2018, 111 was indebted to BDC in the amount of \$2,638,265.67 on the 111 Loan, and interest continues to accrue due on such indebtedness from that date. 101 is indebted to BDC in such amount by virtue of the 101 Guarantee.
18. As at August 23, 2018, 101 was indebted to BDC in the amount of \$2,610,487.29 on the 101 Loan, and interest continues to accrue due on such indebtedness from that date. 111 is indebted to BDC in such amount by virtue of the 111 Guarantee.
19. The 101 GSA, the 111 GSA, the Alberta Mortgage and the Saskatchewan Mortgage entitle BDC to recover its costs of review and enforcement of its security, on a solicitor and his own client basis.
20. 101 was incorporated specifically to acquire the Saskatchewan Lands, and to the best of my knowledge the Saskatchewan Lands are the only substantive asset of 101.
21. 111 has owned the Alberta Lands since 2006, and has operated the Alberta Hotel during that timeframe. To the best of my knowledge the Alberta Lands are the only substantive asset of 111.
22. Searches conducted with the municipal tax authorities in Drayton Valley, Alberta and Yorkton, Saskatchewan reveal that tax arrears of \$37,423.46 are owed on the Alberta Lands and tax arrears of \$406,656.80 are owed on the Saskatchewan Lands. Attached hereto and marked as **Exhibit "O"** and **"P"** respectively are true copies of such search results.
23. Both the Saskatchewan Hotel and the Alberta Hotel (collectively, the **"Hotels"**) had experienced a material drop in revenue and suffered material losses in the two years leading up to May 2017. On or about May 18, 2017, BDC issued notices of default to 111 and 101, and true copies of such notices of default are attached hereto and marked as **Exhibit "Q"**.
24. On or about June 7, 2017, BDC and the Borrowers entered into standstill agreements pursuant to which BDC agreed to forbear in taking further steps to recover the Loans until November 23, 2017, provided that:
  - (a) The Borrowers paid regular monthly payments of principal, interest and asset maintenance and upgrade reserve accounts during the term of the forbearance;
  - (b) Payments toward principal arrears and asset maintenance and upgrade reserve account arrears were paid to BDC in June 2017;
  - (c) Copies of current year-to-date financial statements including cashflow statements, operating statements and statements of accounts payable and receivable as at month end of June 2017 and September 2017, were provided within 10 days of each month end;
  - (d) All property taxes were paid in full by July 30, 2017;
  - (e) A copy of a sales listing agreement for the Saskatchewan Hotel at a list price of \$5,750,000 was provided to BDC by June 17, 2017, with regular updates from the listing realtor to be provided to BDC thereafter;
  - (f) During the term of the forbearance, the Borrowers paid all government priority claims including employee source deductions and GST;

- (g) Property taxes and operating costs for the Hotels were paid as those amounts fell due during the forbearance term, without arrears accruing.
25. Defaults by the Borrowers with respect to their obligations under the foregoing standstill agreements, included failure to pay property taxes, failure to pay appraisal fees and failure to provide information with respect to the status of the vendor takeback financing of the Saskatchewan Hotel
  26. Notwithstanding these defaults, the forbearance agreements were extended through to May 23, 2018, on terms reflecting further compromises by BDC including interest only payments and waiver of asset reserve account payments, but the Borrowers committed further breaches of these agreements including allowing an increase in the Saskatchewan Hotel tax arrears from \$197,652 in 2017 to \$398,196 in 2018 and breach of covenants to pay GST/HST as they fell due. While BDC was considering whether to grant a further forbearance, the Borrowers ceased making payments in July 2018, and became non-responsive to BDC's communications. As a result, the demand letters referenced in paragraph 14 above were issued.
  27. Even following issuance of the demand letters, Carolyn McConnell, Regional Director of Special Accounts for BDC, and I met with the Borrowers in October in an attempt to avoid litigation, at which meeting the Borrowers agreed to an arrangement pursuant to which BDC could have an independent insolvency practitioner monitor the Hotels and report to BDC. Following such meeting, the Borrowers again became non-responsive, as a result of which the monitoring arrangement was never implemented.
  28. Attached hereto and marked as **Exhibit "R"** are true copies of the most recent financial statements for 111 provided to BDC, and attached hereto and marked as **Exhibit "S"** are true copies of the most recent financial statements for 101 provided to BDC.
  29. Hardie & Kelly Inc. is qualified to act as a receiver and manager of the assets of the Borrowers, and has consented to act in such capacity. Attached hereto and marked as **Exhibit "T"** is a true copy of such consent.
  30. Based on the foregoing, I do verily believe it would be just and equitable that a receiver and manager be appointed over the property and assets of the Borrowers, and I make this Affidavit in support of an application for such relief.

SWORN BEFORE ME at the  
 City of Calgary, in the Province of Alberta  
 the 20 day of November, 2018

Carolyn McConnell  
 A Commissioner for Oaths in and  
 for the Province of Alberta

Carolyn McConnell, Commissioner of Oaths  
 in and for the Province of Alberta  
 Commission expires Oct. 3, 2020



Hardeep Singh

**Hardeep Singh**  
**Senior Account Manager**

This is **Exhibit "A"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell*

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A Commissioner for Oaths in and  
for the Province of Alberta

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)

*Casslyn McConnell*, Commissioner for Oaths  
in and for the Province of Alberta  
Commission expires Oct 3 20



BDCID: 10002698321

Letter of Offer dated July 8, 2015

1119658 Alberta Ltd.  
P.O. Box 79202 Rpo Nottingham  
Sherwood Park, AB  
T8A 5S3

Attention Ms. Kuldeep (Kelly) Maan

Re: Loan(s) No. 089654-01

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan"). The Letter of Offer is open for acceptance until July 18, 2015 (the "Acceptance Date") after which date it shall become null and void.

**LOAN PURPOSE AND FUNDING**

**Loan Purpose**

Advance to Related Co.	1,950,000.00
Refinance ATB Mortgage	800,000.00
	<hr/>
	2,750,000.00

**Funding**

BDC 089654-01	2,750,000.00
	<hr/>
	2,750,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

**DEFINITIONS**

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

**LENDER**

BDC

**BORROWER**

1119658 Alberta Ltd. (the "Borrower")

**GUARANTOR**

Yorkton Best Western TBI

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

**LOAN AMOUNT**

Loan 089654-01: \$2,750,000.00

**INTEREST RATE**

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Loan 089654-01

**Floating Rate**

BDC's Floating Base Rate plus a variance of 0.00% per year (the "Variance 01"). On the date hereof, BDC's Floating Base Rate is 4.85% per year.

**INTEREST CALCULATION**

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

**REPAYMENT**

Principal of the Loan is repayable according to the following. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable on the Maturity Date (the "Maturity Date").

**Loan 089654-01**

**Regular**

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	8,170.00	23-08-2015	23-08-2015
299	Monthly	9,170.00	23-09-2015	23-07-2040

In addition, interest is payable monthly on the 23<sup>rd</sup> day of the month (the "Payment Date 01") commencing on the next occurring Payment Date 01 following the first advance on the Loan.

Maturity Date: July 23, 2040 (the "Maturity Date 01").

**PREPAYMENT**

**Annual Prepayment Privilege:** Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after July 8, 2015. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.



## SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

### Loan 089654-01

1. First readvanceable mortgage in the principal amount of \$5,500,000 on land (approximately 2.0 acres) legally described as Lot 8, Block 151, Plan 0720020, and building located at 5002-34 Avenue, Drayton Valley, Alberta, owned by 1119658 Alberta Ltd. Building location survey or title insurance required.
2. General Security Agreement from 1119658 Alberta Ltd. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit.
3. Guarantee of Yorkton Best Western TBI for the full amount of the Loan, supported by:
  - a) a first readvanceable mortgage in the principal amount of \$5,500,000 on land (approx. 1.63 acres) legally described as Lots 11 & 12, Block 7, Plan 99Y06931 and building located at 2 Kelsey Bay, Yorkton, Saskatchewan, to be owned by Yorkton Best Western TBI. Building location survey or title insurance required. Concurrent mortgage from BDC Loan 089712-01 will stand as security for this Loan.
  - b) a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit. Concurrent General Security Agreement from BDC Loan 089712-01 will stand as security for this Loan.The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
4. Personal guarantee of Kuldeep (Kelly) Kaur Maan for \$250,000. The guarantor agrees that she is directly responsible for the payment of the cancellation, standby and legal fees.
5. Assignment of shareholder's loans in 1119658 Alberta Ltd. totalling \$1,138,496 from Kuldeep Maan. Providing the BDC Loan is in good standing, interest may be paid at 5% per annum.

## DISBURSEMENT

The Loan funds shall be disbursed as follows:

### Loan 089654-01

1. BDC Funds of \$2,750,000 on this loan will be disbursed after security is in place, and after satisfaction of conditions precedent, as follows:
  - a) \$800,000 to payout existing ATB Financial Loan
  - b) \$1,950,000 to be advanced to external solicitor to assist in the purchase of the hotel property to be owned by Yorkton Best Western TBI (being financed concurrently by BDC Loan 089712-01).

For each loan being refinanced as described in the Loan Purpose, written confirmation of the payout balance must be obtained directly from the refinanced lender or from the external solicitor/notary.

Unless otherwise authorized, funds for each Loan account number shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security relating to the Loan.

### **CONDITIONS PRECEDENT**

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. Where this Loan is to be guaranteed by a corporation not yet incorporated (Yorkton Best Western TBI), that corporation will have provided its written adoption and ratification of its guarantee of the Loan and the obligations contained in this Letter of Offer. The Borrower and the Guarantor agree that the shareholder of the corporation shall be only that person who has been represented to BDC as the proposed shareholder.
8. Provide written confirmation from Best Western indicating that the hotel being purchased, located at 2 Kelsey Bay, Yorkton, Saskatchewan, will be flagged as a Best Western hotel. Documentation to be deemed satisfactory in the sole opinion and judgment of BDC.

### **UNDERLYING CONDITIONS**

The following conditions shall apply throughout the term of the Loan:

1. Annually, and on demand, you agree to provide BDC with written proof of your payment of the property, school or similar taxes which are assessed against the mortgaged land and improvements (the "taxes"), within thirty (30) days following the due date of each required instalment. Should you default in paying any such instalment of the taxes when due, you will pay BDC monthly payments as calculated by BDC to establish a tax reserve account. These payments will be collected by the pre-authorized debit plan and the funds in the account will earn interest in accordance with BDC's policy then in effect. You authorize BDC to pay the relevant taxing authorities. Should there be insufficient funds to satisfy the taxes owing, you will pay the shortfall. BDC will not be responsible for funding the shortfall or any arrears, including interest and other charges. You will instruct the taxing authority to forward a copy of the tax notice to BDC, or you will deliver a copy to BDC upon receipt.
2. You agree to make capital and/or repair and maintenance expenditures of at least 3% of annual revenues for the purpose of maintaining the hotel asset. Should these expenditures not be made, and the hotel requires asset upgrades, you will pay BDC, monthly payments as calculated by BDC to establish an asset management reserve account. These payments

will be collected by the pre-authorized debit plan and the funds in the account will earn interest in accordance with BDC's policy then in effect.

3. Cross Default Clause - This loan is in default if the loan to Yorkton Best Western TBI, BDC loan # 089712-01, is in default and vice versa.

### REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

### COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

### REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
1119658 Alberta Ltd.	Review Engagement	Annual	June
Yorkton Best Western TBI	Review Engagement	Annual	June

and such other financial and operating statements and reports as and when BDC may reasonably require.

### EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

### FEES

#### Cancellation Fee

If the Borrower does not draw on the Loan by the Lapsing Date indicated below (the "Lapsing Date"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC the applicable cancellation fee indicated below. If the Loan is partially disbursed on the Lapsing Date, the Borrower and Guarantor shall pay BDC a percentage of the cancellation fee in proportion to the percentage of the Loan that is cancelled. No cancellation fee will be payable if 50% or more of the Loan has been disbursed.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

**Loan 089654-01**

Lapsing Date: July 8, 2016 (the "Lapsing Date 01").  
Cancellation Fee: \$82,500.00 (the "Cancellation Fee 01").

**Standby Fee**

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled excluding the Consulting portion and/or Future Interest Reserve. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

**Loan 089654-01**

Rate: 1.50% per annum  
Date: January 8, 2016

**Legal Fees and Expenses**

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

**Loan Management Fee**

The Borrower shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change.

**Loan 089654-01**

\$750.00 per year (the "Management Fee 01")

**Transaction Fees**

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

**CONFLICTS**

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

## **INDEMNITY**

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

## **GOVERNING LAW**

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

## **SUCCESSORS AND ASSIGNS**

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

**ACCEPTANCE**

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

**SCHEDULE**

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

**LANGUAGE CLAUSE**

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Peter Webster  
Manager, Major Accounts  
Phone: (780) 495-2723  
Fax: (780) 495-6616  
peter.webster@bdc.ca



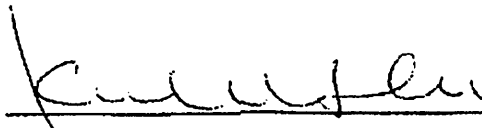
Heather Kenneth  
Client Relationship Officer  
Phone: (780) 495-2800  
Fax: (780) 495-6616  
heather.kenneth@bdc.ca

**ACCEPTANCE**

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 14 day of July 2015.

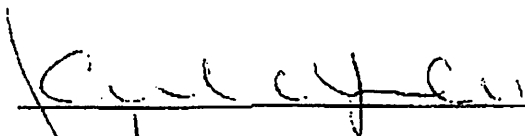
**1119658 Alberta Ltd.**

, Authorized Signing Officer


Name: KULDEEP MAAN  
*Please print name of signing party*

**GUARANTOR**

**Yorkton Best Western TBI**

, Authorized Signing Officer

Name: KULDEEP MAAN  
*Please print name of signing party*

  
**Kuldeep (Kelly) Maan**

July 8, 2015

## SECTION I - DEFINITIONS

**"Available Funds"** – means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

**"Available Funds Coverage Ratio"** – means the ratio of Available Funds over the current portion of Term Debt.

**"BDC's Base Rate"** – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

**"BDC's Floating Base Rate"** – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

**"BDC's US Dollar Floating Base Rate"** – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

**"Corresponding Fixed Interest Rate Plan"** – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

**"Default"** – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

**"GAAP"** – means generally accepted accounting principles in Canada applied consistently.

**"GAAP for Private Enterprises"** – means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

**"IFRS"** – means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

**"Interest Adjustment Date"** – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

**"Interest Differential Charge"** – means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the Interest Act.



"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,
- (ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" – means the sum of the share capital [owners' capital for non-incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] and related businesses; minus loans or advances to the shareholders [owners], directors, related or non-related businesses.

"Term Debt" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts.

## SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any

contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

### SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and as further Security, assign or hypothecate all insurance proceeds to BDC; and if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents, or any other type of insurance it may reasonably require, and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the Loan.
6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
  - a. Change the nature of their business.
  - b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
  - c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry

the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:
  - a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
  - b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
  - c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

#### SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.
2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.
3. The Borrower and/or the Guarantor is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.
9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or

group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

#### SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

##### **Other Available Interest Rate Plans**

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, the Bank reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

##### **Standby Fee Date Change When Switching From Floating to Fixed Rate Plans**

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

##### **Interest Adjustment Date**

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

##### **Pre-Authorized Payment System**

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

##### **Application of Payments**

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);

4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

#### **Consent to Obtaining Information**

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

#### **Notices**

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

#### **Joint and Several Liability**

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

#### **Anti-Money Laundering/Know Your Client**

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

#### **Confidentiality**

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

#### **Changes in Accounting Standards**

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.

This is **Exhibit "B"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

CMcConnell

A Commissioner for Oaths in and for the Province of Alberta

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*Carolyn McConnell* Commissioner for Oaths in and for the Province of Alberta  
Commission expires Oct. 3 20



BDCID: 10002698164

**Letter of Offer dated July 8, 2015**

**Yorkton Best Western TBI**  
P.O. Box 79202 Rpo Nottingham  
Sherwood Park, AB  
T8A 5S3

**Attention Ms. Kuldeep (Kelly) Maan**

**Re: Loan(s) No. 089712-01**

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan"). The Letter of Offer is open for acceptance until July 18, 2015 (the "Acceptance Date") after which date it shall become null and void.

**LOAN PURPOSE AND FUNDING**

**Loan Purpose**

Purchase Existing 100 Unit Hotel	4,600,000.00
Building Improvements	400,000.00
	<hr/>
	5,000,000.00

**Funding**

BDC 089712-01	2,750,000.00
Advance from 1119658 Alberta Ltd.	2,250,000.00
	<hr/>
	5,000,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

**DEFINITIONS**

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

**LENDER**

**BDC**

**BORROWER**

Yorkton Best Western TBI (the "Borrower")

**GUARANTOR**

1119658 Alberta Ltd.

Kuldeep (Kelly) Kaur Maan

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

**LOAN AMOUNT**

Loan 089712-01: \$2,750,000.00

**INTEREST RATE**

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

**Loan 089712-01**

**Floating Rate**

BDC's Floating Base Rate plus a variance of 0.00% per year (the "Variance 01"). On the date hereof, BDC's Floating Base Rate is 4.85% per year.

**INTEREST CALCULATION**

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

**REPAYMENT**

Principal of the Loan is repayable according to the following. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable on the Maturity Date (the "Maturity Date").



**Loan 089712-01**

**Regular**

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	8,170.00	23-05-2016	23-05-2016
299	Monthly	9,170.00	23-06-2016	23-04-2041

In addition, interest is payable monthly on the 23<sup>rd</sup> day of the month (the "Payment Date 01") commencing on the next occurring Payment Date 01 following the first advance on the Loan.

Maturity Date: April 23, 2041 (the "Maturity Date 01");

**PREPAYMENT**

**Annual Prepayment Privilege:** Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after July 8, 2015. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

## SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

### Loan 089712-01

1. First readvanceable mortgage in the principal amount of \$5,500,000 on land (approx. 1.63 acres) legally described as Lots 11 & 12, Block 7, Plan 99Y06931 and building located at 2 Kelsey Bay, Yorkton, Saskatchewan, to be owned by Yorkton Best Western TBI. Building location survey or title insurance required.
2. General Security Agreement Yorkton Best Western TBI providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit.
3. Guarantee of 1119658 Alberta Ltd. for the full amount of the Loan, supported by:
  - a) a first readvanceable mortgage in the principal amount of \$5,500,000 on land (approximately 2.0 acres) legally described as Lot 8, Block 151, Plan 0720020, and building located at 5002-34 Avenue, Drayton Valley, Alberta, owned by 1119658 Alberta Ltd. Building location survey or title insurance required. Concurrent mortgage from BDC Loan 089654-01 will stand as security for this Loan.
  - b) a first security interest in all present and after-acquired personal property, except consumer goods, subject only to priority on inventory and receivables to lender extending line of credit. Concurrent General Security Agreement from BDC Loan 089654-01 will stand as security for this Loan.The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
4. Personal guarantee of Kuldeep (Kelly) Kaur Maan for \$250,000. The guarantor agrees that she is directly responsible for the payment of the cancellation, standby and legal fees.
5. Assignment of shareholder's loans/Due to Related totalling \$2,250,000 from Kuldeep (Kelly) Kaur Maan and/or 1119658 Alberta Ltd. Interest may not be paid.

## DISBURSEMENT

The Loan funds shall be disbursed as follows:

### Loan 089712-01

1. Once all required Security is completed and applicable Condition Precedent have been met, funds of \$2,250,000 on this loan will be disbursed to the appointed solicitor/notary when requested to close the transaction, along with \$1,950,000 from the BDC 089654-01 loan and \$400,000 Advanced from 1119658 Alberta Ltd.
2. BDC will disburse the final \$400,000 of this loan for Building Improvements after satisfaction of applicable conditions precedent, and upon receipt of invoices evidencing expenditures under the Loan Purpose. The amount disbursed shall not exceed 100% of the project element BDC is financing of the total dollar amount of invoices submitted (excluding applicable taxes) less any applicable holdbacks.

A physical inspection by a BDC representative of the expenditures under the Loan Purpose is to be done at the mid-way point of Building Improvement project completion.

Unless otherwise authorized, funds for each Loan account number shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security relating to the Loan.

### **CONDITIONS PRECEDENT**

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. The Borrower will have incorporated a company which will have provided its written adoption, ratification and assumption of the Loan and the obligations contained in this Letter of Offer. The undersigned principal and the Guarantor agree that if the principal does not incorporate a company, she is responsible for the payment of the Cancellation and Standby Fees as well as the Legal fees and Expenses referred to in this Letter of Offer. The Borrower agrees that the shareholder of the corporation shall be only that person who have been represented to BDC as the proposed shareholder.
8. Provide written confirmation from Best Western indicating that the hotel being purchased, located at 2 Kelsey Bay, Yorkton, Saskatchewan, will be flagged as a Best Western hotel. Documentation to be deemed satisfactory in the sole opinion and judgment of BDC.
9. Prior to disbursement of the final \$400,000 of this loan, obtain a construction contract acceptable to BDC from a general contractor supporting the construction costs of no more than \$400,000. Documentation to be deemed satisfactory in the sole opinion and judgment of BDC.

### **UNDERLYING CONDITIONS**

The following conditions shall apply throughout the term of the Loan:

1. Annually, and on demand, you agree to provide BDC with written proof of your payment of the property, school or similar taxes which are assessed against the mortgaged land and improvements (the "taxes"), within thirty (30) days following the due date of each required instalment. Should you default in paying any such instalment of the taxes when due, you will pay BDC monthly payments as calculated by BDC to establish a tax reserve account. These payments will be collected by the pre-authorized debit plan and the funds in the account will earn interest in accordance with BDC's policy then in effect. You authorize BDC to pay the relevant taxing authorities. Should there be insufficient funds to satisfy the taxes owing, you will pay the shortfall. BDC will not be responsible for funding the shortfall

or any arrears, including interest and other charges. You will instruct the taxing authority to forward a copy of the tax notice to BDC, or you will deliver a copy to BDC upon receipt.

2. Cross Default Clause - This loan is in default if the loan to 1119658 Alberta Ltd., BDC loan # 089654-01, is in default and vice versa.

#### ASSET MAINTENANCE AND UPGRADE RESERVE ACCOUNT

##### Loan 089712-01

The Borrower shall pay BDC monthly, or at such other frequency as BDC may require, payments of \$5,000.00 to establish an asset maintenance and upgrade reserve account sufficient to pay the cost of future renovations/ expansions/ maintenance of premises.

Payments to the asset maintenance and upgrade reserve account are based on a forecast of the cost of a structured asset maintenance and/or upgrade programme submitted prior to first disbursement and adjusted by BDC thereafter, from time to time, during the life of the Loan. These payments shall be collected by the pre-authorized payment system. Upon completion of scheduled maintenance and/or upgrades under the programme, the Borrower shall provide documentation, satisfactory to BDC, evidencing the actual expenditures paid or to be paid. BDC will then release funds from this reserve account to the extent of such expenditures. Funds in this reserve account are held by BDC as Security for the Loan and BDC may, after Default, apply funds in this reserve account towards any amounts owing to BDC.

#### REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

#### COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

#### REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Yorkton Best Western TBI	Review Engagement	Annual	June
1119658 Alberta Ltd.	Review Engagement	Annual	June

and such other financial and operating statements and reports as and when BDC may reasonably require.

**EVENTS OF DEFAULT**

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "**Event of Default**"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand Immediate payment of the Loan and enforce any Security.

**FEES**

**Cancellation Fee**

If the Borrower does not draw on the Loan by the Lapsing Date indicated below (the "**Lapsing Date**"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC the applicable cancellation fee indicated below. If the Loan is partially disbursed on the Lapsing Date, the Borrower and Guarantor shall pay BDC a percentage of the cancellation fee in proportion to the percentage of the Loan that is cancelled. No cancellation fee will be payable if 50% or more of the Loan has been disbursed.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

**Loan 089712-01**

Lapsing Date: July 8, 2016 (the "**Lapsing Date 01**").  
Cancellation Fee: \$82,500.00 (the "**Cancellation Fee 01**").

**Standby Fee**

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled excluding the Consulting portion and/or Future Interest Reserve. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

**Loan 089712-01**

Rate: 1.50% per annum  
Date: July 8, 2016

**Legal Fees and Expenses**

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

**Loan Management Fee**

The Borrower shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change.

**Loan 089712-01**

\$750.00 per year (the "Management Fee 01")

**Transaction Fees**

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

**CONFLICTS**

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

**INDEMNITY**

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

**GOVERNING LAW**

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

**SUCCESSORS AND ASSIGNS**

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

**ACCEPTANCE**

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

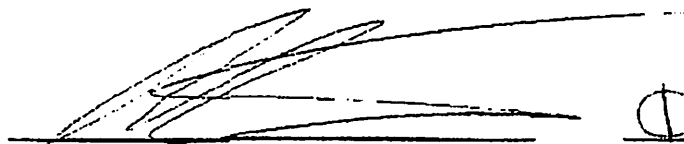
**SCHEDULE**

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

**LANGUAGE CLAUSE**

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Peter Webster  
Manager, Major Accounts  
Phone: (780) 495-2723  
Fax: (780) 495-6616  
peter.webster@bdc.ca




Heather Kenneth  
Client Relationship Officer  
Phone: (780) 495-2800  
Fax: (780) 495-6616  
heather.kenneth@bdc.ca

**ACCEPTANCE**

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 14 day of July 2015.

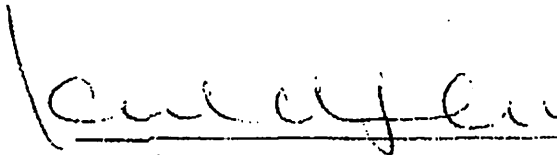
**Yorkton Best Western TBI**

 Authorized Signing Officer

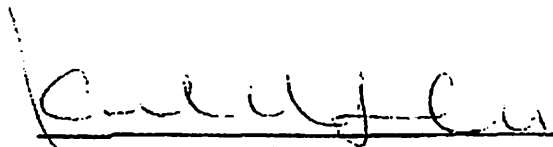
Name: KULDEEP MAAN  
*Please print name of signing party*

**GUARANTORS**

**1119658 Alberta Ltd.**

 Authorized Signing Officer

Name: KULDEEP MAAN  
*Please print name of signing party*



**Kuldeep (Kelly) Kaur Maan**



July 8, 2015

## SECTION I - DEFINITIONS

**"Available Funds"** – means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

**"Available Funds Coverage Ratio"** – means the ratio of Available Funds over the current portion of Term Debt.

**"BDC's Base Rate"** – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

**"BDC's Floating Base Rate"** – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

**"BDC's US Dollar Floating Base Rate"** – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

**"Corresponding Fixed Interest Rate Plan"** – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

**"Default"** – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

**"GAAP"** – means generally accepted accounting principles in Canada applied consistently.

**"GAAP for Private Enterprises"** – means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

**"IFRS"** – means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

**"Interest Adjustment Date"** – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

**"Interest Differential Charge"** – means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the Interest Act.

"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,
- (ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" – means the sum of the share capital [owners' capital for non-incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] and related businesses; minus loans or advances to the shareholders [owners], directors, related or non-related businesses.

"Term Debt" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts.

## SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any

contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

### SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and  
as further Security, assign or hypothecate all insurance proceeds to BDC; and  
if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents, or any other type of insurance it may reasonably require, and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the Loan.
6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
  - a. Change the nature of their business.
  - b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
  - c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry

the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:
- a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
  - b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
  - c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

#### SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.
2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.
3. The Borrower and/or the Guarantor is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.
9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or

group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

#### SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

##### **Other Available Interest Rate Plans**

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, the Bank reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

##### **Standby Fee Date Change When Switching From Floating to Fixed Rate Plans**

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

##### **Interest Adjustment Date**

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

##### **Pre-Authorized Payment System**

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

##### **Application of Payments**

All payments shall be applied in the following order:

1. any prepayment Indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrear and current);

4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

#### **Consent to Obtaining Information**

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

#### **Notices**

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

#### **Joint and Several Liability**

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

#### **Anti-Money Laundering/Know Your Client**

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

#### **Confidentiality**

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

#### **Changes in Accounting Standards**

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.

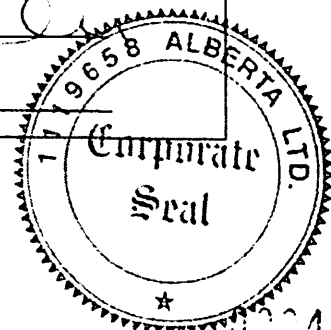
This is **Exhibit "C"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell* )  
 )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*, Commissioner of Oaths  
in and for the Province of Alberta  
Commission expires Oct 3 20

## MORTGAGE LAND TITLES ACT (Alberta)

(1) Mortgagor(s)/Borrower(s):		1119658 ALBERTA LTD.	
(2) Address of Mortgagor(s)/Borrower(s):		155, 52304 RANGE ROAD 233 SHERWOOD PARK AB T8B 1C9	
(3) How Property Held – Nature of Tenancy:		FEE SIMPLE	
(4) Mortgagee/Bank:		BUSINESS DEVELOPMENT BANK OF CANADA incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec with business centres in the Province of Alberta. (sometimes referred to as the "Lender")	
(5) Address And Postal Code Of Mortgagee:		200, 10665 JASPER AVENUE EDMONTON AB T5J 3S9	
(6) Legal Description of Mortgaged Land/Lands:		PLAN 0720020 BLOCK 151 LOT 8 EXCEPTING THEREOUT ALL MINES AND MINERALS	
(7) Principal Amount Secured/Amount of Secured Obligations/Principal Sum:		\$5,500,000.00	
(8) Payment Provisions:			
(a) Due Date	ON DEMAND		
(b) Interest Rate	floating base rate of the Lender announced from to time to time plus 10.00% per year	(c) Calculation Period	Monthly
(9) STANDARD FORM MORTGAGE			
<p>The Mortgagor(s) acknowledges this charge/mortgage of land consists of the terms contained herein and is subject to the terms contained in the Standard Form Mortgage that was filed with the Registrar under the <i>Land Titles Act</i> in Alberta as number 112052406. The Mortgagor(s) acknowledge that he/she understand the nature of the foregoing statement and that the mortgage consists of the terms set out herein and the terms set out in the Standard Form Mortgage referred to herein.</p>			
(10) ACKNOWLEDGMENTS			
<p>The Mortgagor(s) acknowledge that:</p> <p style="padding-left: 40px;">the Mortgagor(s) understands the nature of the statements set out in box 9 hereof, the Mortgagor(s) have been given a copy of the Standard Form Mortgage referred to in box 9 hereof, the Mortgagor(s) are the registered owner(s) of the land being mortgaged, and the Mortgagor(s) mortgage all of the Mortgagor(s) estate and interest in the lands described in box 6 hereof for the purpose of securing the payment of the principal amount, interest and all other amounts secured by this charge/mortgage.</p>			
(11) ADDITIONAL PROVISIONS:			
NIL			
Any additional terms and provisions are contained in Schedule " " annexed hereto and forming part hereof.			
(12) EXECUTION			
<p>The Mortgagor has signed this mortgage on <u>July 30</u>, 2015.</p> <p style="text-align: right;">1119658 ALBERTA LTD.</p> <p>Per: <u>[Signature]</u></p> <p>Per: _____</p> <p>Witness _____</p>			





This is **Exhibit "D"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Candlyn McConnell* )  
Commissioner for Oaths in and for the Province of Alberta )  
Commission expires: Oct. 3 20



# GENERAL SECURITY AGREEMENT

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THIS AGREEMENT dated July 30, 2015.

FROM:

1119658 ALBERTA LTD.

(the "Borrower")

TO:

**BUSINESS DEVELOPMENT BANK OF CANADA**, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a branch at 200, 10665 Jasper Avenue, Edmonton, Alberta T5J 3S9

("BDC")

## 1. SECURITY INTEREST

(You, as the Borrower, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

### 1.1 For consideration the Borrower:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:
  - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
  - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
  - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
  - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is hereinafter collectively called the "Intellectual Property");
  - (vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
  - (vii) the personal property described in Schedule A attached to this Security Agreement;
  - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Borrower's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
  - (ii) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

## 2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Borrower.

**3. ATTACHMENT**

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and BDC to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that BDC intends the Security Interests to attach at the same time.

**4. PURCHASE MONEY SECURITY INTEREST**

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

**5. OBLIGATIONS SECURED**

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Borrower to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

**6. REPRESENTATIONS AND WARRANTIES**

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

**6.1 The Borrower represents and warrants to BDC that:**

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to BDC accurately setting forth all prior names under which the Borrower has operated;

- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Borrower is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower; and the Borrower agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Borrower;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Borrower has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Borrower to borrow money or give security; and
- (k) the Borrower's place(s) of business and chief executive office are correctly described in Schedule A.

## 7. COVENANTS OF THE BORROWER

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Borrower covenants with BDC that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
  - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
  - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Borrower including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Borrower, including for:
  - (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;
  - (iii) complying with any disclosure requirements under the Act;
  - (iv) investigating title to the Collateral;
  - (v) taking, recovering, keeping possession and disposing of the Collateral;
  - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
  - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;

- (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
- (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act (Canada)* and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act (Canada)*;
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
  - (i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
  - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;
  - (v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;
  - (vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and
  - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Borrower will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Borrower's lessors as well as assessors, municipal authorities and any taxing body;

- (n) observe and perform all its obligations under:
  - (i) leases, licences, undertakings, and any other agreements to which it is a party;
  - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
  - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
  - (iii) all financial statements prepared by or for the Borrower regarding the Borrower's business;
  - (iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Borrower under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

## 8. **INSURANCE**

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.



- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Borrower will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Borrower's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Borrower authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Borrower fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

**9. OTHER PROHIBITIONS**

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Borrower will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Borrower is a corporation:
  - (i) issue, purchase or redeem its shares;
  - (ii) change its voting control;
  - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
  - (iv) declare or pay any dividends on any of its shares; or
  - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

**10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL**

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

- 10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Borrower will not:
- (a) sell, lease, license or otherwise dispose of the Collateral;
  - (b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Borrower is not in default under this Security Agreement the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

#### 11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Borrower fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Borrower to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

#### 12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

#### 13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

#### 14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and BDC in any of the following events:

- (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Borrower to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its

creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or

- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or
- (f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Borrower is a corporation and any member or shareholder:
  - (i) commences an action against the Borrower; or
  - (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or
- (i) if the Borrower is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Borrower uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or
- (p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing

the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or

(r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

(a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or

(b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Borrower mortgages to BDC all of the Borrower's estate and interest in the Real Property.

## 15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Borrower is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

(a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;

(b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;

(c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;

(d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;

(e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and

(f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

(a) carry on the Borrower's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and

- (b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
  - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
  - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

## 16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.
- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Borrower or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.
- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Borrower and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Borrower

shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.

- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Borrower arising under any other agreements between BDC and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Borrower shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Borrower now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Borrower shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that BDC may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

**17. APPOINTMENT OF ATTORNEY**

(You appoint BDC your attorney for specific matters.)

The Borrower irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Borrower subsequent to the execution hereof.

**18. CONSOLIDATION**

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

**19. NO OBLIGATION TO ADVANCE**

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Borrower to BDC.

**20. WAIVER**

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Borrower to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

**21. NOTICE**

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

**22. EXTENSIONS**

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Borrower's liability or BDC's right to hold and realize on the Security Interests.

**23. NO MERGER**

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Borrower or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

**24. RIGHTS CUMULATIVE**

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and BDC that may be in effect from time to time.

**25. ASSIGNMENT**

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Borrower will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay

the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

**26. SATISFACTION AND DISCHARGE**

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

**27. ENVIRONMENT**

The Borrower represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Borrower's obligations in this Clause 27.

**28. ENUREMENT**

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.



## 29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the jurisdiction in which the branch of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

## 30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Borrower:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

## 31. TIME

Time shall in all respects be of the essence.

## 32. INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

## 33. SASKATCHEWAN LAW

If the Borrower is a corporation, the Borrower agrees as follows:

- (a) that the *Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in the *Land Contracts (Actions) Act* of Saskatchewan, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;

- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Borrower.

**34. PARENTHETICAL COMMENTS**

The Borrower acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

**35. THE LOAN AGREEMENT**

If the Borrower has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Borrower has executed this Security Agreement.

1119658 ALBERTA LTD.

by its authorized signatory(ies)

per:

per:



## SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Borrower (if an individual):

\_\_\_\_\_  
Month

\_\_\_\_\_  
Day

\_\_\_\_\_  
Year

Subclause 6.1 (i):

Location(s) of the Collateral:

5002 - 34th Avenue, Drayton Valley, AB, T7A 0C6

Subclause 6.1 (k):

The Borrower's place(s) of business ("POB") and chief executive office ("CEO")

<b>Chief Executive Office:</b>	5002 - 34th Avenue, Drayton Valley, AB, T7A 0C6
<b>Place of Business:</b>	2 Kelsey Bay, Yorkton, SK, S3N 3Z4
<b>And:</b>	

This is **Exhibit "E"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*

*Oct. 3 20*

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

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**ORDER NUMBER: 36199514**

**ADVISORY**

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## STANDARD MORTGAGE TERMS

The following set of Standard Mortgage Terms are included in every Mortgage – *Land Titles Act* (Alberta) which refers to this set of terms by its filing number as provided in the *Land Titles Act*, R.S.A. 1980, as amended.

### 1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to the Lender.

"Borrower" means the person(s) who as Mortgagor(s) granted the Mortgage – *Land Titles Act* (Alberta) that refers to and incorporates these Standard Mortgage Terms.

"Lender" means the Mortgagee mentioned in the Mortgage – *Land Titles Act* (Alberta) that refers to and incorporates these Standard Mortgage Terms.

"Lands" means those lands and premises described in box 6 of the Mortgage – *Land Titles Act* (Alberta) that refers to and includes these Standard Mortgage Terms as well as the expanded definition in paragraph 5 in these Standard Mortgage Terms.

"Principal Sum" is the amount of money identified as the principal amount on the Mortgage – *Land Titles Act* (Alberta).

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to the Lender as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by the Lender from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers.

### 2. DEBT

You promise to pay to the Lender, at such business centre of the Lender as the Lender may direct, the aggregate of:

- (a) the Principal Sum outstanding from time to time;
- (b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to the Lender (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to the Lender, as principal, guarantor, indemnitor, surety or otherwise;
- (c) interest on the Principal Sum at an annual rate equal to the floating base rate of the Lender announced from time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and the Lender have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligation then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligation the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;

- (d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and
- (e) interest on each protective disbursement (as hereinafter defined) from the day the protective disbursement is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum;

### 3. READVANCES

It is our mutual intention that the Lender may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered 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 Lender for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by the Lender in one or more advances 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 shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and the Lender gives written notice to you that you 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 may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

### 4. SECURITY

For the better securing to the Lender the repayment in the manner aforesaid of the Secured Obligations and for the performance of your other obligations under this agreement, you hereby mortgage and charge to the Lender all of your estate and interest in the Lands. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

### 5. FIXTURES

In this mortgage the expression "the Lands" includes all fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

### 6. MORTGAGE OF LEASE

If your interest in the Lands is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

- (a) you hereby demise, sub-lease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to the Lender, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for the Lender to be assigned or disposed of as the Lender or anyone claiming through the Lender may direct, and the Lender shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;

- (c) you represent to the Lender that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to the Lender, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;
- (d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;
- (e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without the Lender's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;
- (f) you will promptly notify the Lender in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to the Lender;
- (g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;
- (h) you will not during the continuance of this mortgage, without the Lender's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;
- (i) you will promptly obtain from the lessor under the lease and deliver to the Lender, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;
- (j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Lands; and
- (k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

## 7. MORTGAGE OF CONDOMINIUM UNIT

If the Lands include a condominium unit:

- (a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;
- (b) you shall pay, on or before the due date thereof, each and every fee, assessment, contribution, expense, fine or levy assessed by or on behalf of the Condo Corporation in respect of the Lands;
- (c) you will forward to the Lender within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;



- (d) you agree that nothing done by the Lender in protecting its interests in the Lands, including without limiting the generality of the foregoing the Lender exercising your right to vote as provided in the applicable condominium legislation generally, shall render the Lender a mortgagee in possession;
- (e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by the Lender, vote in such manner as the Lender directs with respect to each and every matter to be voted;
- (f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to the Lender written notice of the meeting specifying the place, date, hour and purpose of the meeting;
- (g) you hereby authorize any of the Lender's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to the Lender copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and
- (h) in the event of any occurrence or event whereby the Lender, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations, the Lender shall be at liberty to demand immediate repayment of the Principal Sum.

#### **8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE**

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

- (a) you transfer and assign to the Lender absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase;
- (b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and
- (c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

#### **9. COVENANTS**

You covenant with the Lender that:

- (a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify the Lender of any damage to the Lands;
- (b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;
- (c) you have done no act to encumber the Lands, except as set out herein;
- (d) you will execute or provide such further assurances as the Lender may reasonably require and shall do so at your expense;

- (e) you shall discharge any debt or obligation that may be the subject of a demand upon the Lender or an agent of the Lender in the event that the Lender enforces one of the remedies;
- (f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to the Lender the receipts for those payments;
- (g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to the Lender the receipts;
- (h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;
- (i) on default the Lender may enter and have quiet enjoyment of the Lands;
- (j) you shall do all acts necessary to give the Lender access from time to time to the Lands;
- (k) you shall carry on, in a proper business-like manner, the business or businesses you have represented to the Lender as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business;
- (l) you will not change, or agree to any change of, the present use of the Lands without the Lender's prior express written consent; and.
- (m) you will not permit any of the following activities to occur on the Lands:
  - businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
  - businesses trading with countries that are proscribed by the Federal Government;
  - businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
  - businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

## 10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under the *Builders' Lien Act* of Alberta:

- (a) you hereby assign to the Lender such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to the Lender for the expropriation of its interest in the Lands by the expropriating authority;

- (b) you shall forward to the Lender 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;
- (c) notwithstanding anything to the contrary contained herein, if you or the Lender receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of the Lender, the whole of the Secured Obligations (including principal, interest and compensation payments) 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; and
- (d) service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Lender in accordance with the terms of the assignment contained herein.

## 11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of the Lender being first obtained; and you shall not use the Lands or permit the Lands to be used, without the Lender's written consent, for a purpose other than that disclosed to the Lender in the application for this mortgage. If, with the Lender's written consent, you commence work on the Lands, the following will apply:

- (a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations; and, when so required by the Lender, supply the Lender with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by the Lender that construction is being completed in accordance with such requirements; it being understood and agreed that the Lender, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;
- (b) If any part of the development remains unfinished and without any work being done for a period of ten consecutive days, the Lender may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as the Lender may see fit, and any monies expended by the Lender pursuant to this paragraph shall constitute part of the Secured Obligations;
- (c) the Lender shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by the Lender until the Lender has inspected the same and any defects in the construction or variation in construction as reported to the Lender by its consultants shall be promptly corrected by you to the satisfaction of the Lender;
- (d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide the Lender with such books, payrolls or other records, receipts, certificates and declarations as the Lender may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and
- (e) the Lender shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under the *Builders Lien Act* of Alberta; provided that if the Lender makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by the Lender, such holdbacks shall not constitute the lien fund under the said Act and the Lender shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

## 12. INSURANCE

While this mortgage is in effect you will:

- (a) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as the Lender may require;
- (b) cause the insurance policy or policies required by this mortgage to name the Lender as a loss payee as the Lender's interest may appear in respect of the Lands, include a standard mortgage clause as approved by the Insurance Bureau of Canada, and include a 30-day notice by the insurer to the Lender of any material change to the amounts or coverage of the policy or of its cancellation;
- (c) pay all premiums respecting such insurance, and deliver all policies to the Lender if required;
- (d) upon request, immediately assign, transfer and deliver over to the Lender each and every policy or policies of insurance and all receipts pertaining to same;
- (e) on the happening of any loss or damage to the Lands, immediately notify and furnish to the Lender, at your expense, all necessary proofs and do all necessary acts to enable the Lender to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit the Lender's right to submit to the insurer a proof of loss on its own behalf; and
- (f) authorize and direct the insurer under any required policy of insurance to include the Lender as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, the Lender may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as the Lender considers necessary for the protection of the Lender's interest. If proceeds of any required insurance become payable, the Lender may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as the Lender sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly waive all your rights and benefits under the *Insurance Act* and the *Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

## 13. ENVIRONMENTAL MATTERS

### 13.1 Definitions

For the purposes of this Article 13:

- (a) "Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Lands relating to the environment, health, safety, any Hazardous Materials or any Environmental/Hazardous Materials Laws;
- (b) "Environmental/Hazardous Materials Laws" means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Hazardous Materials;
- (c) "Hazardous Materials" means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/ Hazardous Materials Laws, or the remediation or release of which into

the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls;

- (d) "Environmental Authority" means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and
- (e) "Environmental Risks" means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

### 13.2 Environmental Representations

You represent, warrant, covenant and promise to the Lender that:

- (a) the Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to the Lender and approved by the Lender in writing;
- (b) the Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands;
- (c) you possess and will maintain all environmental licences, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licences, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without the Lender's prior written consent and only upon full compliance with the Lender's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets;
- (d) you will advise the Lender immediately upon becoming aware of any Environmental Risks;
- (e) there are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide the Lender with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and all environmental studies or assessments prepared for you, and you consent to the Lender contacting and making enquiries of environmental officials or assessors;
- (f) you have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff is trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials; and
- (g) you will from time to time and at any time required by the Lender, provide evidence satisfactory to the Lender that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if the Lender considers it necessary, cause such inspections, reports and audits and provide the results thereof to the Lender as it may require. You shall pay the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to the Lender. The scope of any environmental audit shall be at the Lender's sole discretion, and the auditor performing or

conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

### **13.3 Environmental Repair**

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, the Lender may, after notice to you and the expiration of the earlier of:

- (a) any applicable cure period under this mortgage charge; or
- (b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection therewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of the Lender, may declare this mortgage to be in default.

### **13.4 Environmental Assessments and Audits**

It is expressly understood that the Lender has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to the Lender copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

### **13.5 Exclusion of Liability**

No action taken by the Lender in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute the Lender as a mortgagee in possession and the Lender by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and the Lender's right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

### **13.6 Indemnity**

You hereby indemnify the Lender, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

- (a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;
- (b) all costs of every kind and nature whatsoever incurred by the Lender directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and
- (c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by the Lender with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a

direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including the process of judicial sale known in Alberta as a "Rice Order") of the Lands and any other exercise of the Lender's rights hereunder or under any security collateral hereto.

#### 14. POWERS AND PROTECTIVE DISBURSEMENTS

the Lender and any of its agents, may at such time and from time to time, as the Lender deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of the Lands, as the Lender may deem expedient, and the Lender may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, the Lender may:

- (a) retire fees, expenses and borrowings of a receiver;
- (b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as the Lender may find advisable;
- (c) discharge any lien, mortgage or encumbrance which, in the opinion of the Lender, has priority over this mortgage;
- (d) improve the title of the Lender or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from the Lender after the your interest in the Lands has been foreclosed;
- (e) discharge any debt or obligation which the Lender may find should be discharged in order to better market, sell or protect the Lands;
- (f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;
- (g) cause your books and records to be audited and the financial health of your business to be investigated;
- (h) retire the fees, commissions or expenses of any agent retained by the Lender to market the Lands;
- (i) retire all costs and expenses, including legal fees on a solicitor and his own client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses of solicitors on a solicitor and his own client basis who act on behalf of the Lender in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;
- (j) pay the fees and expenses of your trustee in Bankruptcy, should the Lender determine to make itself liable for such;
- (k) retire all costs and expenses including fees on a solicitor and his own client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, the Lender's title to the Lands, or the priority of the Lender's interest in the Lands;
- (l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and

- (m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". The Lender is not obliged to make any protective disbursement. All protective disbursements, including solicitor and his own client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that the Lender's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

## 15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

- (a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in the Lender's favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to the Lender either by yourself or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;
- (c) if you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors;
- (d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or if you permit the acceleration of any indebtedness (other than Secured Obligations) that you may owe to any creditor other than the Lender;
- (e) if a Receiver, trustee or similar official of any of your property is appointed;
- (f) if you are a corporation and any member or shareholder commences an action against you or gives you notice of dissent in accordance with the provisions of any applicable legislation;
- (g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;
- (h) if the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default on your part under such lease;
- (i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to you or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;
- (k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise dispose of or part with possession of any of the Lands or agree to do so;



- (l) if you are in arrears of payment to any taxing authority;
- (m) if you cause or allow hazardous materials to be brought upon the Lands or incorporated into any of your assets without the Lender's prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;
- (n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by the Lender;
- (o) if the Lender deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or
- (p) if there is any Event of Default or deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of the Lender, without notice to you, this mortgage and the Lender's other security, if any, shall immediately become enforceable and all of the Secured Obligations remaining unpaid shall become due and payable. If, in respect of a default, the Lender chooses not to exercise any of the remedies given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of the Lender's rights under this clause in respect of any other default.

#### **16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT**

the Lender may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of the Lender's intention to exercise the remedy or remedies. If the Lender chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting the Lender's intention or to you reasonable time for payment.

#### **17. ENFORCEMENT**

**17.1 Enforcement.** Upon the occurrence of an Event of Default the Lender may declare any or all of the Secured Obligations immediately due and payable, and the Lender's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

- (a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;
- (b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as the Lender, in its our absolute discretion, may determine;
- (c) collect all assigned rents and other assets the Lender holds as security for the Secured Obligations;
- (d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which the Lender holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as the Lender may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. the Lender may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;
- (e) exercise any or all of your rights and remedies in respect of the Lands;

- (f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as the Lender may determine, and in the Lender's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but the Lender shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;
- (g) exercise any other rights and remedies under this mortgage; or,
- (h) exercise any other right and power a Receiver could exercise.

the Lender shall not be liable for any debts the Lender contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfillment of contracts during any period when the Lender takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

**17.2 Receiver.** A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

- (a) take possession of and enter upon the Lands;
- (b) sell or lease or concur in selling or leasing of the Lands;
- (c) make any arrangement or compromise which it shall think expedient;
- (d) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and
- (e) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

**17.3 Application of Proceeds.** Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligation in such manner and order as we shall, in our absolute discretion, deem advisable, and **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

**17.4 Appointment of Attorney.** You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

**18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY**

Once the Lender has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as the Lender may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, the Lender's failure to maintain or insure the Lands, the Lender's failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "the Lender" includes the receiver).

Further, the Lender may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that the Lender considers advisable and no realization or exercise by the Lender of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to the Lender are cumulative and not restrictive of remedies at law and in equity and by statute.

**19. RELEASES**

You are and will not be released from any your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of the Lender releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of the Lender releasing any security held to secure payment of the Secured Obligations. the Lender is only accountable for money actually received by it in consideration of the release of any person or security.

**20. INDULGENCES**

the Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as the Lender sees fit in its absolute discretion and without prejudice to your liability or the Lender's rights or remedies. You agree that you will not be released nor your liability in any way reduced because the Lender has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

**21. ASSIGNS**

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of the Lender, its successors and its assigns.

**22. BORROWER AUTHORITY**

You hereby represent and warrant to the Lender that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to the Lender.

**23. GENDER AND NUMBER**

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

**24. FURTHER ASSURANCES**

You shall execute and deliver to the Lender upon request any further or additional documentation which the Lender in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.



112052406

112052406 REGISTERED 2011 02 24  
MORS - STANDARD FORM MORTGAGE  
DOC 1 OF 1 DRR#: E00D2FD ADR/DALBONIG  
NO LAND AFFECTED

This is **Exhibit "F"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

CMcConnell )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carlynn McConnell*  
Commissioner for Oaths in and for the Province of Alberta  
Commission expires: Oct. 3 20



# GUARANTEE

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**GUARANTOR:** 1119658 Alberta Ltd. the "Guarantor"  
**CREDITOR:** Business Development Bank of Canada "BDC"  
**DEBTOR:** 101285461 Saskatchewan Ltd. the "Borrower"  
**DEBT:** \$2,750,000.00 the "Principal Sum"  
**LIMIT OF LIABILITY:** UNLIMITED the "Limited Amount"  
**DATED:** July 30, 2015  
**BDC BUSINESS CENTRE:** ALBERTA the "Governing Jurisdiction"  
*(Province/Territory)*

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

**1. DEBT AND SECURITY**

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

**2. GUARANTEE**

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance") The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

**3. LIABILITY AS PRINCIPAL DEBTOR**

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC

which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

**4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER**

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

**5. SUBROGATION**

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

**6. RELEASE**

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person

executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

**7. PAYMENT AND REMEDYING DEFAULTS**

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

**8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS**

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

**9. CHANGES MUST BE IN WRITING**

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

**10. JOINT AND SEVERAL LIABILITY**

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

**11. JURISDICTION**

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

**12. ASSIGNS**

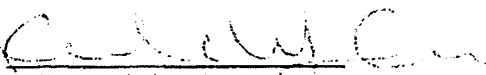
This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

**13. COUNTERPARTS**

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

**1119658 ALBERTA LTD.**

by its authorized signatory(ies):

  
Authorized signatory





This is **Exhibit "G"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*  
Commission Expires Oct. 3 20

BDC

## MORTGAGE

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MORTGAGOR: 101285461 SASKATCHEWAN LTD.

the "Borrower",

MORTGAGEE: BUSINESS DEVELOPMENT BANK OF CANADA

"BDC",

DATED: the 30 day of July, 2015

FOR: \$5,500,000.00 (the "Principal Sum") and other indebtedness.

the Borrower, being or entitled to be registered as owner of, an estate in fee simple (or such other estate as hereinafter provided) subject, however, to such encumbrances, liens, and interests, as are notified by memorandum underwritten (or endorsed hereon) that piece or pieces of land described as follows:

Surface Parcel #142833685  
Lot 11 Blk/Par 7 Plan No 99Y06931 Extension 0  
As described on Certificate of Title 99Y07276

Surface Parcel #142833674  
Lot 12 Blk/Par 7 Plan No 99Y06931 Extension 0  
As described on Certificate of Title 99Y07276

(the "Lands")

IN CONSIDERATION of the Principal Sum lent to the Borrower by BDC, incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec, with a Branch Office at 135 – 21<sup>st</sup> Street East, Main Floor, Saskatoon, Saskatchewan, S7K 0B4, the receipt of which sum is hereby acknowledged, the Borrower hereby mortgages and charges its entire estate and interest in the Lands as security for repayment of the Secured Obligations, not to exceed \$5,500,000.00 together with interest and costs, and acknowledges and covenants with BDC, as follows:

### 1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to BDC.

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to BDC as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by BDC from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers.

## 2. DEBT

You promise to pay to BDC, at such office of BDC as we may direct, the aggregate of:

- (a) the Principal Sum outstanding from time to time;
- (b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to BDC (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, protective disbursements, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to BDC, as principal, guarantor, indemnitor, surety or otherwise;
- (c) interest on the Principal Sum at an annual rate equal to the floating base rate of the announced from to time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and BDC have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligations then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligations the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;
- (d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and
- (e) interest on each protective disbursement from the day the protective disbursement (as hereinafter defined) is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum.

## 3. READVANCES

It is our mutual intention that BDC may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered 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 or The Land Titles Act, 2000* of Saskatchewan. This mortgage is and shall be a continuing security to BDC for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by BDC in one or more advances 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 shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and BDC gives written notice to you that you 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 may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

## 4. SECURITY

As security for payment of the Secured Obligations, and for the performance of your other obligations under this agreement, you grant, bargain and sell to BDC the Lands (including fixtures, appurtenances, leasehold improvements and rights of way). This mortgage is void upon payment of the Secured Obligations and the performance of those other obligations. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

## 5. FIXTURES

In this mortgage the expression "the Lands" includes fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

## 6. MORTGAGE OF LEASE

If your interest is as a lessee, sublessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

- (a) you hereby demise, sublease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to BDC, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for BDC to be assigned or disposed of as BDC or anyone claiming through BDC may direct, and BDC shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;
- (c) you represent to BDC that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to BDC, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;
- (d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;
- (e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without BDC'S prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;
- (f) you will promptly notify BDC in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to BDC;
- (g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;
- (h) you will not during the continuance of this mortgage, without BDC's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;

- (i) you will promptly obtain from the lessor under the lease and deliver to BDC, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;
- (j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sublessor) thereof in the Lands; and
- (k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

**7. MORTGAGE OF CONDOMINIUM UNIT**

If the Lands include a condominium unit:

- (a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;
- (b) you shall pay, on or before the due date thereof, each and every assessment, contribution, expense, fine or levy made by or on behalf of the Condo Corporation in respect of the Lands;
- (c) you will forward to BDC within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;
- (d) you agree that nothing done by BDC in protecting its interests in the Lands, including without limiting the generality of the foregoing BDC exercising your right to vote as provided in the applicable condominium legislation generally, shall render BDC a mortgagee in possession;
- (e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by BDC, vote in such manner as BDC directs with respect to each and every matter to be voted;
- (f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to BDC written notice of the meeting specifying the place, date, hour and purpose of the meeting;
- (g) you hereby authorize any of BDC's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to BDC copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and
- (h) in the event of any occurrence or event whereby BDC, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations. BDC shall be at liberty to demand immediate repayment of the Principal Sum.

**8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE**

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

- (a) you transfer and assign to BDC absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and

- (b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and
- (c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9. COVENANTS

You covenant with BDC that:

- (a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify BDC of any damage to the Lands;
- (b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;
- (c) you have done no act to encumber the Lands, except as set out herein;
- (d) you will execute or provide such further assurances as BDC may reasonably require and shall do so at your expense;
- (e) you shall discharge any debt or obligation that may be the subject of a demand upon BDC or an agent of BDC in the event that BDC enforces one of the remedies;
- (f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to BDC the receipts for those payments;
- (g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to BDC the receipts;
- (h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;
- (i) on default BDC may enter and have quiet enjoyment of the Lands;
- (j) you shall do all acts necessary to give BDC access from time to time to the Lands;
- (k) you shall carry on, in a proper businesslike manner, the business or businesses you have represented to BDC as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business;
- (l) you will not change, or agree to any change of, the present use of the Lands without BDC'S prior express written consent;
- (m) you will not permit any of the following activities to occur on the Lands:
  - o businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;

- businesses trading with countries that are proscribed by the Federal Government;
- businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
- businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

## 10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by an act any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under The Builders' Lien, 4cf of Saskatchewan:

- (a) You hereby assign to BDC such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to BDC for the expropriation of its interest in the Lands by the expropriating authority.
- (b) You shall forward to BDC 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.
- (c) Notwithstanding anything to the contrary contained herein, if you or BDC receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of BDC, the whole of the Secured Obligations (including principal, interest and compensation payments) 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.
- (d) Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to BDC in accordance with the terms of the assignment contained herein.

## 11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of BDC being first obtained; and you shall not use the Lands or permit the Lands to be used, without BDC's written consent, for a purpose other than that disclosed to BDC in the application for this mortgage. If, with BDC'S written consent, you commence work on the Lands, the following will apply:

- (a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, bylaws or regulations; and, when so required by BDC, supply BDC with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by BDC that construction is being completed in accordance with such requirements; it being understood and agreed that BDC, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;
- (b) if any part of the development remains unfinished and without any work being done for a period of ten consecutive days, BDC may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as BDC may see fit, and any monies expended by BDC pursuant to this paragraph shall constitute part of the Secured Obligations;

- (c) BDC shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by BDC until BDC has inspected the same and any defects in the construction or variation in construction as reported to BDC by its consultants shall be promptly corrected by you to the satisfaction of BDC;
- (d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide BDC with such books, payrolls or other records, receipts, certificates and declarations as BDC may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and
- (e) BDC shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under *The Builders' Lien Act* of Saskatchewan provided that if BDC makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by BDC, such holdbacks shall not constitute the lien fund under the said Act and BDC shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

**12. INSURANCE**

While this mortgage is in effect you will:

- (a) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require;
- (b) cause the insurance policy or policies required by this mortgage to name BDC as a loss payee as BDC'S interest may appear in respect of the Lands, and include a standard mortgage clause as approved by the Insurance Bureau of Canada;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC if required;
- (d) upon request, immediately assign, transfer and deliver over to BDC each and every policy or policies of insurance and all receipts pertaining to same;
- (e) on the happening of any loss or damage to the Lands, immediately notify and furnish to BDC, at your expense, all necessary proofs and do all necessary acts to enable BDC to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit BDC'S right to submit to the insurer a proof of loss on its own behalf; and
- (f) authorize and direct the insurer under any required policy of insurance to include BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC considers necessary for the protection of BDC'S interest. If proceeds of any required insurance become payable, BDC may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as BDC sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly



waive all your rights and benefits under *The Insurance Act* and *The Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

### 13. ENVIRONMENTAL MATTERS

#### 13.1 Definitions

For the purposes of this article 13:

- (a) "Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Lands relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;
- (b) "Environmental/Hazardous Materials Laws" means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Wastes/Hazardous Materials;
- (c) "Hazardous Materials" means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.
- (d) "Environmental Authority" means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and
- (e) "Environmental Risks" means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

#### 13.2 Environmental Representations

You represent, warrant, covenant and promise to BDC that:

- (a) The Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to BDC and approved by BDC in writing.
- (b) The Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands.
- (c) You possess and will maintain all environmental licenses, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licenses, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without BDC's prior written consent and only upon full compliance with BDC'S requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets.
- (d) You will advise BDC immediately upon becoming aware of any Environmental Risks.

- (e) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide BDC with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and all environmental studies or assessments prepared for you, and you consent to BDC contacting and making enquiries of environmental officials or assessors.
- (f) You have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff are trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials.
- (g) You will from time to time and at any time required by BDC, provide evidence satisfactory to BDC that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if BDC considers it necessary, cause such inspections, reports and audits and provide the results thereof to BDC as it may require. You shall pay, the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to BDC. The scope of any environmental audit shall be at BDC's sole discretion, and the auditor performing or conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

### 13.3 Environmental Repair

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, BDC may, after notice to you and the expiration of the earlier of:

- (a) any applicable cure period under this mortgage charge; or
- (b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection herewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of BDC, may declare this mortgage to be in default.

### 13.4 Environmental Assessments and Audits

It is expressly understood that BDC has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to BDC copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

### 13.5 Exclusion of Liability

No action taken by BDC in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute BDC as a mortgagee in possession and BDC by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and BDC'S right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

### 13.6 Indemnity

You hereby indemnify BDC, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

- (a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;
- (b) all costs of every kind and nature whatsoever incurred by BDC directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and
- (c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by BDC with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including by "Rice Order") of the Lands and any other exercise of BDC's rights hereunder or under any security collateral hereto.

### 14. POWERS AND PROTECTIVE DISBURSEMENTS

BDC and any of its agents, may at such time and from time to time, as BDC deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of leasing, collecting the rents of, and generally managing any or all of your interest, as BDC may deem expedient, and BDC may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, BDC may:

- (a) retire fees, expenses and borrowings of a receiver;
- (b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as BDC may find advisable;
- (c) discharge any lien, mortgage or encumbrance which, in the opinion of BDC, has priority over this mortgage;
- (d) improve the title of BDC or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from BDC after your interest in the Lands has been foreclosed;
- (e) discharge any debt or obligation which BDC may find should be discharged in order to better market, sell or protect the Lands;

- (f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;
- (g) cause your books and records to be audited and the financial health of your business to be investigated;
- (h) retire the fees, commissions or expenses of any agent retained by BDC to market the Lands;
- (i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses of solicitors who act on behalf of BDC in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;
- (j) pay the fees and expenses of a trustee in Bankruptcy of the Borrower, should BDC determine to make itself liable for such;
- (k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, BDC'S title to the Lands, or the priority of BDC'S interest in the Lands;
- (l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and
- (m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". BDC is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that BDC's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

## 15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

- (a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in BDC'S favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to BDC either by you or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;
- (c) if you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors
- (d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or you permit the acceleration of any indebtedness (other than Secured Obligations) owed by you to any creditor other than BDC;

- (e) if a Receiver, trustee or similar official of any of your property is appointed;
- (f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;
- (g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;
- (h) if the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;
- (i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;
- (k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise disposes of or parts with possession of any of the Lands or agrees to do so;
- (l) if you are in arrears of payment to any taxing authority;
- (m) if you cause or allow Hazardous Materials to be brought upon the Lands or incorporated into any of your assets without BDC'S prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;
- (n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by BDC;
- (o) if BDC deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse, or
- (p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of BDC, without notice to you, BDC's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, BDC chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of BDC'S rights under this clause in respect of any other default.

#### **16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT**

BDC may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of BDC'S intention to exercise the remedy or remedies. If BDC chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting BDC'S intention or to give you reasonable time for payment.

## 17. ENFORCEMENT

**17.1 Enforcement.** Upon the occurrence of an Event of Default BDC may declare any or all of the Secured Obligations immediately due and payable, and BDC's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

- (a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;
- (b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as BDC, in its our absolute discretion, may determine;
- (c) collect all Assigned Rents and other assets BDC holds as security for the Secured Obligations;
- (d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which BDC holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as BDC may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. BDC may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;
- (e) exercise any or all of your rights and remedies in respect of the Lands;
- (f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as BDC may determine, and in BDC's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but BDC shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;
- (g) exercise any other rights and remedies under this mortgage; or
- (h) exercise any other right and power a Receiver could exercise.

BDC shall not be liable for any debts BDC contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfillment of contracts during any period when BDC takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

**17.2 Receiver.** A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

- (a) take possession of and enter upon the Lands;
- (b) sell or lease or concur in selling or leasing of the Lands;
- (c) make any arrangement or compromise which it shall think expedient;

- (d) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and
- (e) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

**17.3 Application of Proceeds.** Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it, **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligations in such manner and order as we shall, in our absolute discretion, deem advisable and, **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

**17.4 Appointment of Attorney.** You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all other powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

#### **18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY**

Once BDC has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as BDC may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, BDC's failure to maintain or insure the Lands, BDC'S failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "BDC" includes the receiver).

Further, BDC may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that BDC considers advisable and no realization or exercise by BDC of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to BDC are cumulative and not restrictive of remedies at law and in equity and by statute.

#### **19. RELEASES**

You are and will not be released from any of your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of BDC releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of BDC releasing any security held to secure payment of the Secured Obligations. BDC is only accountable for money actually received by it in consideration of the release of any person or security.

#### **20. INDULGENCES**

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration

of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as BDC sees fit in its absolute discretion and without prejudice to your liability or BDC's rights or remedies. You agree that you will not be released nor your liability in any way reduced because BDC has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

## 21. SASKATCHEWAN LAW

Where land or leasehold land or both situate in the Province of Saskatchewan are, by a corporation, granted as security by this mortgage:

- (a) that *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act* of Saskatchewan, respecting this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any charge created by this mortgage as BDC is specifically exempted from the operation of that Act;
- (b) that *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any mortgage or charge created by this mortgage; and
- (c) that if it is an agricultural corporation, as defined in *The Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this mortgage, and agrees that the provisions of Part IV of *The Saskatchewan Farm Security Act*, other than Section 46, shall not apply to you.

## 22. ASSIGNS

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of BDC, its successors and its assigns.

## 23. BORROWER AUTHORITY

You hereby represent and warrant to BDC that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to BDC.

## 24. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.



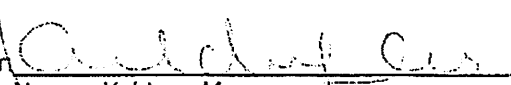
25. FURTHER ASSURANCES

You shall execute and deliver to BDC upon request any further or additional documentation which BDC in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.

The Borrower has properly executed and sealed this mortgage on the day and year stated on the first page.

101285461 SASKATCHEWAN LTD.

Per



Name: Kuldeep Maan

Title: President & Secretary/Treasurer

(c/s)

I have the authority to bind the Borrower.



This is **Exhibit "H"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

C. McConnell )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carlynn McConnell* )  
in and for the Province of Alberta )  
Commission expires Oct. 3 20



# GENERAL SECURITY AGREEMENT

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THIS AGREEMENT dated July 30, 2015.

FROM:

101285461 SASKATCHEWAN LTD.

(the "Borrower")

TO:

**BUSINESS DEVELOPMENT BANK OF CANADA**, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a branch at 200, 10665 Jasper Avenue, Edmonton, Alberta T5J 3S9

("BDC")

## 1. SECURITY INTEREST

(You, as the Borrower, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

### 1.1 For consideration the Borrower:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:
  - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
  - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
  - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
  - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is hereinafter collectively called the "Intellectual Property");
  - (vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
  - (vii) the personal property described in Schedule A attached to this Security Agreement;
  - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Borrower's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
  - (ii) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

## 2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Borrower.

**3. ATTACHMENT**

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and BDC to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that BDC intends the Security Interests to attach at the same time.

**4. PURCHASE MONEY SECURITY INTEREST**

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

**5. OBLIGATIONS SECURED**

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Borrower to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

**6. REPRESENTATIONS AND WARRANTIES**

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

**6.1 The Borrower represents and warrants to BDC that:**

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to BDC accurately setting forth all prior names under which the Borrower has operated;

- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Borrower is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower; and the Borrower agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Borrower;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Borrower has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Borrower to borrow money or give security; and
- (k) the Borrower's place(s) of business and chief executive office are correctly described in Schedule A.

## 7. COVENANTS OF THE BORROWER

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Borrower covenants with BDC that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
  - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
  - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
  - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Borrower including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Borrower, including for:
  - (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;
  - (iii) complying with any disclosure requirements under the Act;
  - (iv) investigating title to the Collateral;
  - (v) taking, recovering, keeping possession and disposing of the Collateral;
  - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
  - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;

- (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
- (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
  - (i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
  - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
  - (iii) any material loss or damage to the Collateral;
  - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;
  - (v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;
  - (vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and
  - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Borrower will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Borrower's lessors as well as assessors, municipal authorities and any taxing body;



- (n) observe and perform all its obligations under:
  - (i) leases, licences, undertakings, and any other agreements to which it is a party;
  - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
  - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
  - (iii) all financial statements prepared by or for the Borrower regarding the Borrower's business;
  - (iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Borrower under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

## 8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.

- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Borrower will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Borrower's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Borrower authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Borrower fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

**9. OTHER PROHIBITIONS**

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Borrower will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Borrower is a corporation:
  - (i) issue, purchase or redeem its shares;
  - (ii) change its voting control;
  - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
  - (iv) declare or pay any dividends on any of its shares; or
  - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

**10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL**

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

- 10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Borrower will not:
- (a) sell, lease, license or otherwise dispose of the Collateral;
  - (b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Borrower is not in default under this Security Agreement the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

## 11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Borrower fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Borrower to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

## 12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

## 13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

## 14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and BDC in any of the following events:

- (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Borrower to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its

creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or

- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or
- (f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Borrower is a corporation and any member or shareholder:
  - (i) commences an action against the Borrower; or
  - (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or
- (i) if the Borrower is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Borrower uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or
- (p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing

the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or

(r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

(a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or

(b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Borrower mortgages to BDC all of the Borrower's estate and interest in the Real Property.

## 15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Borrower is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

(a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;

(b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;

(c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;

(d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;

(e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and

(f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

(a) carry on the Borrower's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and

- (b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
  - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
  - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

## 16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.
- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Borrower or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.
- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Borrower and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Borrower

shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.

- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Borrower arising under any other agreements between BDC and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Borrower shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Borrower now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Borrower shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that BDC may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

**17. APPOINTMENT OF ATTORNEY**

(You appoint BDC your attorney for specific matters.)

The Borrower irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Borrower subsequent to the execution hereof.

**18. CONSOLIDATION**

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

**19. NO OBLIGATION TO ADVANCE**

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Borrower to BDC.

**20. WAIVER**

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Borrower to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

**21. NOTICE**

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

**22. EXTENSIONS**

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Borrower's liability or BDC's right to hold and realize on the Security Interests.

**23. NO MERGER**

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Borrower or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

**24. RIGHTS CUMULATIVE**

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and BDC that may be in effect from time to time.

**25. ASSIGNMENT**

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Borrower will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay



the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

**26. SATISFACTION AND DISCHARGE**

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

**27. ENVIRONMENT**

The Borrower represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Borrower's obligations in this Clause 27.

**28. ENUREMENT**

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

**29. INTERPRETATION**

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the jurisdiction in which the branch of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

**30. COPY OF AGREEMENT AND FINANCING STATEMENT**

The Borrower:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

**31. TIME**

Time shall in all respects be of the essence.

**32. INDEPENDENT ADVICE**

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

**33. SASKATCHEWAN LAW**

If the Borrower is a corporation, the Borrower agrees as follows:

- (a) that the *Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in the *Land Contracts (Actions) Act* of Saskatchewan, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;

- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Borrower.

**34. PARENTHETICAL COMMENTS**

The Borrower acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

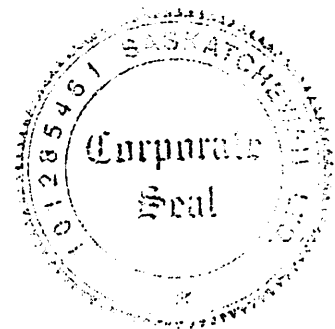
**35. THE LOAN AGREEMENT**

If the Borrower has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Borrower has executed this Security Agreement.

**101285461 SASKATCHEWAN LTD.**

)  
 )  
 ) by its authorized signatory(ies)  
 )  
 ) per: *[Handwritten Signature]*  
 )  
 )  
 ) per: \_\_\_\_\_



## SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Borrower (if an individual):

\_\_\_\_\_  
Month

\_\_\_\_\_  
Day

\_\_\_\_\_  
Year

Subclause 6.1 (i):

Location(s) of the Collateral:

2 Kelsey Bay, Yorkton, SK, S3N 3Z4

Subclause 6.1 (k):

The Borrower's place(s) of business ("POB") and chief executive office ("CEO")

<b>Chief Executive Office:</b>	5002 - 34th Avenue, Drayton Valley, AB, T7A 0C6
<b>Place of Business:</b>	2 Kelsey Bay, Yorkton, SK, S3N 3Z4
<b>And:</b>	

This is **Exhibit "I"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*, Commissioner for Oaths in and for the Province of Alberta  
Commission expires *Oct. 3 20*

Search ID#: Z10671667

**Transmitting Party**

MCLENNAN ROSS LLP

SUITE 600 WEST CHAMBERS 12220 ST PL ROAD  
EDMONTON, AB T5N 3Y4

Party Code: 50025451  
Phone #: 780 482 9200  
Reference #: 184182 CPR

Search ID #: Z10671667

Date of Search: 2018-Sep-06

Time of Search: 11:03:17

**Business Debtor Search For:**

1119658 ALBERTA LTD.

Exact Result(s) Only Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z10671667

**Business Debtor Search For:**

1119658 ALBERTA LTD.

Search ID #: Z10671667

Date of Search: 2018-Sep-06

Time of Search: 11:03:17

---

Registration Number: 14050904090

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-May-09

Registration Status: Current

Expiry Date: 2020-May-09 23:59:59

---

Exact Match on: Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 1119658 ALBERTA LTD  
1-52319 RANGE ROAD 231  
SHERWOOD PARK, AB T8B 1A8

Current

**Secured Party / Parties**

**Block**

**Status**

1 BMW CANADA INC  
50 ULTIMATE DRIVE  
RICHMOND HILL, ON L4S 0C8

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	5UXKR0C50E0C27297	2014	BMW X5 xDrive35i	MV - Motor Vehicle	Current

Search ID#: Z10671667

**Business Debtor Search For:**

1119658 ALBERTA LTD.

Search ID #: Z10671667

Date of Search: 2018-Sep-06

Time of Search: 11:03:17

---

Registration Number: 15072433379

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Jul-24

Registration Status: Current

Expiry Date: 2046-Jul-24 23:59:59

---

Exact Match on: Debtor                      No: 3  
Exact Match on: Debtor                      No: 5  
Exact Match on: Debtor                      No: 6

---

**Amendments to Registration**

15072433790	Renewal	2015-Jul-24
15100914504	Amendment	2015-Oct-09

---

**Debtor(s)**

**Block**

**Status**

1      101285461 SASKATCHEWAN LTD.  
      BOX 79202 RPO NOTTINGHAM  
      SHERWOOD PARK, AB T8A 5S3

Current

**Block**

**Status**

2      101285461 SASKATCHEWAN LTD.  
      2 KELSEY BAY  
      YORKTON, SK S3N 4C5

Current

**Block**

**Status**

3      1119658 ALBERTA LTD.  
      BOX 79202 RPO NOTTINGHAM  
      SHERWOOD PARK, AB T8A 5S3

Current

**Block**

**Status**

4      101285461 SASKATCHEWAN LTD.  
      5002 - 34 AVENUE  
      DRAYTON VALLEY, AB T7A 0C6

Current by  
15100914504



Search ID#: Z10671667

Block

5 1119658 ALBERTA LTD.  
2 KELSEY BAY  
YORKTON, SK S3N 3Z4

Status

Current by  
15100914504

Block

6 1119658 ALBERTA LTD.  
5002 - 34 AVENUE  
DRAYTON VALLEY, AB T7A 0C6

Status

Current by  
15100914504

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA  
BOX 6,505 BURRARD ST  
VANCOUVER, BC V7X 1M3

Status

Current

Phone #: 604 666 7467 Fax #: 604 666 1573

Collateral: General

Block

Description

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Status

Current

Result Complete

=====  
=====  
=====

Search ID#: Z10671681

Transmitting Party

MCLENNAN ROSS LLP

SUITE 600 WEST CHAMBERS 12220 ST PL ROAD  
EDMONTON, AB T5N 3Y4

Party Code: 50025451

Phone #: 780 482 9200

Reference #: 184182 CPR

Search ID #: Z10671681

Date of Search: 2018-Sep-06

Time of Search: 11:04:45

Business Debtor Search For:

101285461 SASKATCHEWAN LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z10671681

**Business Debtor Search For:**

101285461 SASKATCHEWAN LTD.

Search ID #: Z10671681

Date of Search: 2018-Sep-06

Time of Search: 11:04:45

---

Registration Number: 15072433379

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Jul-24

Registration Status: Current

Expiry Date: 2046-Jul-24 23:59:59

---

Exact Match on: Debtor No: 1  
Exact Match on: Debtor No: 2  
Exact Match on: Debtor No: 4

---

**Amendments to Registration**

15072433790	Renewal	2015-Jul-24
15100914504	Amendment	2015-Oct-09

---

**Debtor(s)**

**Block**

1 101285461 SASKATCHEWAN LTD.  
BOX 79202 RPO NOTTINGHAM  
SHERWOOD PARK, AB T8A 5S3

**Status**

Current

**Block**

2 101285461 SASKATCHEWAN LTD.  
2 KELSEY BAY  
YORKTON, SK S3N 4C5

**Status**

Current

**Block**

3 1119658 ALBERTA LTD.  
BOX 79202 RPO NOTTINGHAM  
SHERWOOD PARK, AB T8A 5S3

**Status**

Current

**Block**

4 101285461 SASKATCHEWAN LTD.  
5002 - 34 AVENUE  
DRAYTON VALLEY, AB T7A 0C6

**Status**

Current by  
15100914504

Search ID#: Z10671681

**Block**

5 1119658 ALBERTA LTD.  
2 KELSEY BAY  
YORKTON, SK S3N 3Z4

**Status**

Current by  
15100914504

**Block**

6 1119658 ALBERTA LTD.  
5002 - 34 AVENUE  
DRAYTON VALLEY, AB T7A 0C6

**Status**

Current by  
15100914504

**Secured Party / Parties**

**Block**

1 BUSINESS DEVELOPMENT BANK OF CANADA  
BOX 6,505 BURRARD ST  
VANCOUVER, BC V7X 1M3

**Status**

Current

Phone #: 604 666 7467 Fax #: 604 666 1573

**Collateral: General**

**Block**

**Description**

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

**Status**

Current

Result Complete

This is **Exhibit "J"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*Carolyn McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*

*Oct. 3 20*



# Saskatchewan Personal Property Registry Search Result

Searching Party: ELDOR-WAL REGISTRATION (1987) LTD.  
Search Date: 10-Sep-2018 09:09:32  
Search Type: Standard

Search #: 202839817  
Client Reference:  
Control #:

**Search Criteria**

Search By: Business Debtor Name  
Business Name  
101285461 Saskatchewan Ltd.

The following list displays all matches & indicates the ones that were selected.  
2 Registration(s) Found: Exacts (2) - Similar (0)

Selected	Match	Registration #	Registration Type	Debtor Name	City	Enforcement Instruction	Enforcement Instruction Registration #
Yes	Exact	301367733	Personal Property Security Agreement	101285461 Saskatchewan Ltd.	Yorkton	No	N/A
Yes	Exact	301367733	Personal Property Security Agreement	101285461 Saskatchewan Ltd.	Sherwood Park	No	N/A



**Saskatchewan  
Personal Property Registry  
Search Result**

**Current - Exact**

**Registration Type:** Personal Property Security Agreement  
**Registration Date:** 23-Jul-2015 09:08:30

**Registration #:** 301367733  
**Expiry Date:** 23-Apr-2046

**Event Type:** Amendment  
**Transaction Reason:** Regular

**Notations**

**Trust Indenture:** No

**Registrant**

<b>Party ID:</b> 152330264 - 1	<b>Address:</b> 500 - 616 Main Street
<b>Entity Type:</b> Business	Saskatoon, Saskatchewan
<b>Name:</b> McDougall Gauley LLP	S7H0J6 Canada

**Secured Party**

<b>Item #:</b> 1	<b>Address:</b> 135 - 21 Street East, Main Floor
<b>Party ID:</b> 150777328 - 1	Saskatchewan, Saskatchewan
<b>Entity Type:</b> Business	S7K0B4
<b>Name:</b> Business Development Bank of Canada	Canada

**Debtor Party**

<b>*Item #:</b> 1	<b>Address:</b> 2 Kelsey Bay
<b>Party ID:</b> 152376208 - 1	Yorkton, Saskatchewan
<b>Entity Type:</b> Business	S3N3Z4
<b>Name:</b> 101285461 Saskatchewan Ltd.	Canada
<b>*Item #:</b> 2	<b>Address:</b> PO Box 79202 RPO Nottingham
<b>Party ID:</b> 152376208 - 2	Sherwood Park, Saskatchewan
<b>Entity Type:</b> Business	T8A5S3
<b>Name:</b> 101285461 Saskatchewan Ltd.	Canada

**General Property**

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR(S) AND THE FOLLOWING PROCEEDS: ALL PROCEEDS OF EVERY KIND, INCLUDING, WITHOUT LIMITATION, GOODS, CHATTEL PAPER, INVESTMENT PROPERTIES, DOCUMENTS OF TITLE, INSTRUMENTS, MONIES, INTANGIBLES, CROPS, INVENTORY AND EQUIPMENT.

**History - Setup**

**Registration Type:** Personal Property Security Agreement  
**Registration Date:** 23-Jul-2015 09:08:30

**Registration #:** 301367733  
**Transaction #:** 1  
**Expiry Date:** 23-Apr-2040

**Event Type:** Setup  
**Transaction Reason:** Regular

**Notations**

**Trust Indenture:** No

**Registrant**

<b>Party ID:</b> 152330264 - 1	<b>Address:</b> 500 - 616 Main Street
<b>Entity Type:</b> Business	Saskatoon, Saskatchewan
<b>Name:</b> McDougall Gauley LLP	S7H0J6 Canada

**Secured Party**

<b>Item #:</b> 1	<b>Address:</b> 135 - 21 Street East, Main Floor
<b>Party ID:</b> 150777328 - 1	Saskatchewan, Saskatchewan



**Saskatchewan  
Personal Property Registry  
Search Result**

**Secured Party**

<b>Entity Type:</b> Business	S7K0B4
<b>Name:</b> Business Development Bank of Canada	Canada

**Debtor Party**

<b>Item #:</b> 1	<b>Address:</b> 2 Kelsey Bay
<b>Party ID:</b> 152376208 - 1	Yorkton, Saskatchewan
<b>Entity Type:</b> Business	S3N3Z4
<b>Name:</b> 101285461 Saskatchewan Ltd.	Canada
<b>Item #:</b> 2	<b>Address:</b> PO Box 79202 RPO Nottingham
<b>Party ID:</b> 152376208 - 2	Sherwood Park, Saskatchewan
<b>Entity Type:</b> Business	T8A5S3
<b>Name:</b> 101285461 Saskatchewan Ltd.	Canada

**General Property**

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR(S) AND THE FOLLOWING PROCEEDS: ALL PROCEEDS OF EVERY KIND, INCLUDING, WITHOUT LIMITATION, GOODS, CHATTEL PAPER, INVESTMENT PROPERTIES, DOCUMENTS OF TITLE, INSTRUMENTS, MONIES, INTANGIBLES, CROPS, INVENTORY AND EQUIPMENT.

**History - Amendment**

**Amendment Date:** 23-Jul-2015 09:09:34

**Registration #:** 301367733  
**Transaction #:** 2  
**Expiry Date:** 23-Apr-2046

**Event Type:** Amendment  
**Transaction Reason:** Regular

**Life Time:** Life Time Amended

**Registrant**

<b>Party ID:</b> 152330264 - 1	<b>Address:</b> 500 - 616 Main Street
<b>Entity Type:</b> Business	Saskatoon, Saskatchewan
<b>Name:</b> McDougall Gauley LLP	S7H0J6
	Canada

**End of Search Result**



This is **Exhibit "K"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*  
Commissioner for Oaths in and for the Province of Alberta  
Oct 3 20



LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0032 162 174              0720020;151;8                      072 004 376

LEGAL DESCRIPTION  
PLAN 0720020  
BLOCK 151  
LOT 8  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 0.809 HECTARES (2 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 5;7;49;5;NE

MUNICIPALITY: TOWN OF DRAYTON VALLEY

REFERENCE NUMBER: 062 342 868

-----  
REGISTERED OWNER(S)  
REGISTRATION      DATE (DMY)      DOCUMENT TYPE      VALUE      CONSIDERATION  
-----  
072 004 376      03/01/2007      SUBDIVISION PLAN

OWNERS

1119658 ALBERTA LTD.  
OF 155, 52304 RANGE ROAD 233  
SHERWOOD PARK  
ALBERTA T8B 1C9

-----  
ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION  
NUMBER      DATE (D/M/Y)      PARTICULARS  
-----  
882 228 085      27/09/1988      UTILITY RIGHT OF WAY  
   GRANTEE - ARC RESOURCES LTD.  
   PO BOX 6776 STN D  
   CALGARY  
   ALBERTA T2P2E7  
   (DATA UPDATED BY: CHANGE OF NAME 022036492)  
   (DATA UPDATED BY: CHANGE OF NAME 022036498)  
   (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT

( CONTINUED )

02120

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 072 004 376

REGISTRATION  
NUMBER          DATE (D/M/Y)          PARTICULARS

OF WAY 062590561)  
(DATA UPDATED BY: CHANGE OF ADDRESS 152113621)

072 004 378    03/01/2007 UTILITY RIGHT OF WAY  
GRANTEE - THE TOWN OF DRAYTON VALLEY.  
BOX 6837  
DRAYTON VALLEY  
ALBERTA T7A1R3  
AS TO PORTION OR PLAN:0720021

112 393 797    06/12/2011 RESTRICTIVE COVENANT

152 256 556    21/08/2015 MORTGAGE  
MORTGAGEE - BUSINESS DEVELOPMENT BANK OF CANADA.  
200, 10665 JASPER AVE  
EDMONTON  
ALBERTA T5J3S9  
ORIGINAL PRINCIPAL AMOUNT: \$5,500,000

152 339 577    28/10/2015 MORTGAGE  
MORTGAGEE - 1621804 ALBERTA LTD.  
4710-58 ST  
REDWATER  
ALBERTA T0A2W0  
ORIGINAL PRINCIPAL AMOUNT: \$600,000

TOTAL INSTRUMENTS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 6 DAY OF  
NOVEMBER, 2018 AT 09:49 A.M.

ORDER NUMBER:    36201192

CUSTOMER FILE NUMBER:    184182 CPR



\*END OF CERTIFICATE\*

( CONTINUED )

00131

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 "L"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C. McConnell* )

A Commissioner for Oaths in and )  
for the Province of Alberta )

*Cardyn McConnell*

in and for the Province of Alberta

Commission expires Oct. 3 20

**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 146957473  
**Title Status:** Active  
**Parcel Type:** Surface  
**Parcel Value:** \$2,500,000.00 CAD  
**Title Value:** \$2,500,000.00 CAD  
**Converted Title:** 99Y07276  
**Previous Title and/or Abstract #:** 131898145

**As of:** 10 Sep 2018 09:00:10  
**Last Amendment Date:** 20 Oct 2015 13:44:23.703  
**Issued:** 24 Aug 2015 08:33:21.593  
**Municipality:** CITY OF YORKTON

101285461 SASKATCHEWAN LTD. is the registered owner of Surface Parcel #142833685

Reference Land Description: Lot 11 Blk/Par 7 Plan No 99Y06931 Extension 0  
As described on Certificate of Title 99Y07276.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
172159779

CNV Easement

**Value:** N/A  
**Reg'd:** 28 Feb 2000 00:02:51  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

Lt 11 W'y 3.0m & Lt 12 W'y 5m

**Holder as Tenant in Common**

**Interest Share:** 1/2

**Interest Share Number:** 183605441

**Holder:**

Saskatchewan Power Corporation

N/A

N/A, Saskatchewan, Canada

**Client #:** 100869880

**Holder as Tenant in Common**

**Interest Share:** 1/2

**Interest Share Number:** 183605452

**Holder:**

Saskatchewan Telecommunications

13th Floor, 2121 Saskatchewan Drive

Regina, Saskatchewan, Canada S4P 3Y2

**Client #:** 100006861

**Int. Register #:** 107698449

**Converted Instrument #:** 00Y01706

**Interest #:**  
172159780

(Dominant)

Restrictive Covenant - Non- Mutual **Value:** N/A  
**Reg'd:** 14 Jun 2010 15:59:43  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
The Current Dominant Tenement  
N/A  
n/a, Saskatchewan, Canada S4P 3V7  
**Client #:** 100009099

**Int. Register #:** 116506739

**Interest #:**  
172159869

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 24 Aug 2015 08:33:24  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
Business Development Bank of Canada  
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street  
Vancouver, British Columbia, Canada V7X 1M3  
**Client #:** 104272769

**Int. Register #:** 121046464

**Interest #:**  
172738503

Mortgage

**Value:** \$600,000.00 CAD  
**Reg'd:** 20 Oct 2015 13:44:24  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
1621804 Alberta Ltd.  
4710 - 58th Street  
Redwater, AB, Canada T0A 2W0  
**Client #:** 130981057


**Int. Register #:** 121166759

**Addresses for Service:**

<b>Name</b>	<b>Address</b>
<b>Owner:</b> 101285461 SASKATCHEWAN LTD. Client #: 130754730	1215 - 5TH STREET ESTEVAN, SK, Canada S4A 0Z5

**Notes:**

Parcel Class Code: Parcel (Generic)

 Back

# Province of Saskatchewan Land Titles Registry Title

**Title #:** 146957484  
**Title Status:** Active  
**Parcel Type:** Surface  
**Parcel Value:** \$2,100,000.00 CAD  
**Title Value:** \$2,100,000.00 CAD  
**Converted Title:** 99Y07276  
**Previous Title and/or Abstract #:** 131898156

**As of:** 10 Sep 2018 08:58:28  
**Last Amendment Date:** 20 Oct 2015 13:44:23.677  
**Issued:** 24 Aug 2015 08:33:23.077  
**Municipality:** CITY OF YORKTON

101285461 SASKATCHEWAN LTD. is the registered owner of Surface Parcel #142833674

Reference Land Description: Lot 12 Blk/Par 7 Plan No 99Y06931 Extension 0  
As described on Certificate of Title 99Y07276.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

## Registered Interests:

**Interest #:**  
172159814

CNV Easement

**Value:** N/A  
**Reg'd:** 17 Nov 1983 00:20:05  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

Lt 12 W'y 3m  
**Holder:**  
Saskatchewan Telecommunications  
13th Floor, 2121 Saskatchewan Drive  
Regina, Saskatchewan, Canada S4P 3Y2  
**Client #:** 100006861

**Int. Register #:** 107698450  
**Converted Instrument #:** 83Y12045  
**Feature #:** 999999

**Interest #:**  
172159825

CNV Easement

**Value:** N/A  
**Reg'd:** 28 Feb 2000 00:02:51  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

Lt 11 W'y 3.0m & Lt 12 W'y 5m  
**Holder as Tenant in Common**  
**Interest Share:** 1/2  
**Interest Share Number:** 183605508  
**Holder:**  
Saskatchewan Power Corporation



N/A  
N/A, Saskatchewan, Canada  
**Client #:** 100869880

**Holder as Tenant in Common**  
**Interest Share:** 1/2  
**Interest Share Number:** 133605519  
**Holder:**  
Saskatchewan Telecommunications  
13th Floor, 2121 Saskatchewan Drive  
Regina, Saskatchewan, Canada S4P 3Y2  
**Client #:** 100006861

**Int. Register #:** 107698449  
**Converted Instrument #:** 00Y01706

**Interest #:**  
172159836

Restrictive Covenant - Non- (Dominant)  
Mutual  
**Value:** N/A  
**Reg'd:** 14 Jun 2010 15:59:43  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
The Current Dominant Tenement  
N/A  
n/a, Saskatchewan, Canada S4P 3V7  
**Client #:** 100009099

**Int. Register #:** 116506739

**Interest #:**  
172159870

Mortgage  
**Value:** \$5,500,000.00 CAD  
**Reg'd:** 24 Aug 2015 08:33:24  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
Business Development Bank of Canada  
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street  
Vancouver, British Columbia, Canada V7X 1M3  
**Client #:** 104272769

**Int. Register #:** 121046464

**Interest #:**  
172738514

Mortgage  
**Value:** \$600,000.00 CAD  
**Reg'd:** 20 Oct 2015 13:44:24  
**Interest Register Amendment Date:** N/A  
**Interest Assignment Date:** N/A  
**Interest Scheduled Expiry Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
1621804 Alberta Ltd.

4710 - 58th Street  
Redwater, AB, Canada T0A 2W0  
**Client #:** 130981057

**Int. Register #:** 121166759

**Addresses for Service:**

<b>Name</b>	<b>Address</b>
<b>Owner:</b> 101285461 SASKATCHEWAN LTD. Client #: 130754730	1215 - 5TH STREET ESTEVAN, SK, Canada S4A 0Z5

**Notes:**

Parcel Class Code: Parcel (Generic)

[Back](#)

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This is **Exhibit "M"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

CMcConnell

A Commissioner for Oaths in and for the Province of Alberta

)  
)  
)  
)

*Carolyn McConnell*

Commissioner for Oaths in and for the Province of Alberta  
Commission expires Oct. 3 20



# GUARANTEE

**GUARANTOR:** 101285461 Saskatchewan Ltd. the "Guarantor"  
**CREDITOR:** Business Development Bank of Canada "BDC"  
**DEBTOR:** 1119658 Alberta Ltd. the "Borrower"  
**DEBT:** \$2,750,000.00 the "Principal Sum"  
**LIMIT OF LIABILITY:** UNLIMITED the "Limited Amount"  
**DATED:** July 30, 2015  
**BDC BUSINESS CENTRE:** ALBERTA the "Governing Jurisdiction"  
*(Province/Territory)*

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

**1. DEBT AND SECURITY**

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

**2. GUARANTEE**

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

**3. LIABILITY AS PRINCIPAL DEBTOR**

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC

which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

**4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER**

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

**5. SUBROGATION**

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

**6. RELEASE**

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person

executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

**7. PAYMENT AND REMEDYING DEFAULTS**

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

**8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS**

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

**9. CHANGES MUST BE IN WRITING**

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

**10. JOINT AND SEVERAL LIABILITY**

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

**11. JURISDICTION**

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

**12. ASSIGNS**

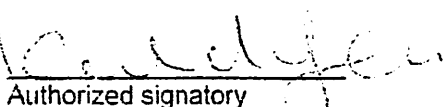
This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

**13. COUNTERPARTS**

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

**101285461 SASKATCHEWAN LTD.**

by its authorized signatory(ies):

  
Authorized signatory

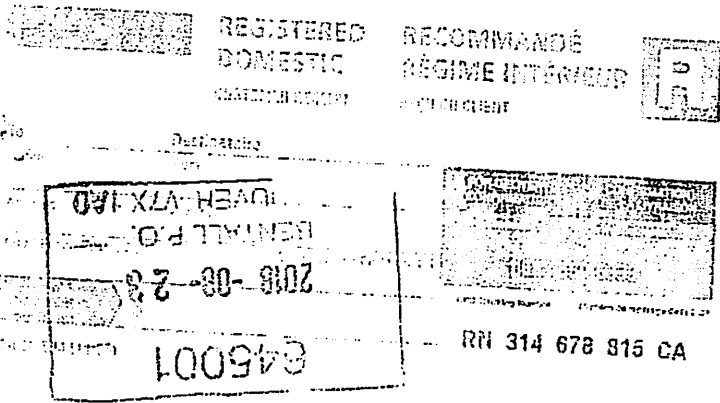


This is **Exhibit "N"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

CMcCormell )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McCormell*

Witnessed and signed on Oct. 3 20



August 23, 2018

1119658 Alberta Ltd.  
155 Fountain Creek Way,  
Sherwood Park, AB T8B 1C9

Subject: BDC Loan, Account No. 089654-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,570,548.15
Interest	\$39,939.14
<b>TOTAL</b>	<b>\$2,610,487.29</b>
Daily interest	\$414.81

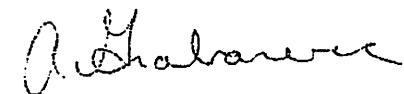
Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86

CC: 101285461 Saskatchewan Ltd., Kuldeep (Kelly) Kaur Maan



*Notice of Intention to Enforce a Security  
(Rule 124)*


To: 1119658 Alberta Ltd. an insolvent person.

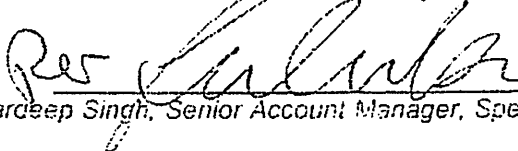
Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:  
  
  - Land and building located at 5002-34 Avenue, Drayton Valley, Alberta
  - All personal property of the insolvent person except consumer goods.
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,610,487.29. as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA

  
 Adriane Grabarevic, Area Office Manager, Special Accounts

  
 Hardeep Singh, Senior Account Manager, Special Accounts

**CONSENT AND WAIVER**

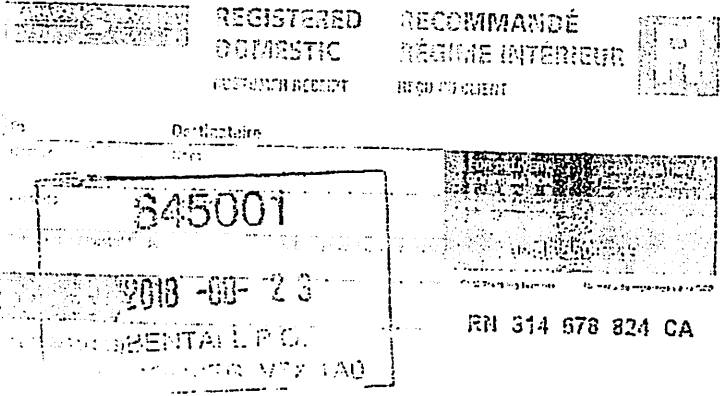
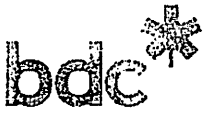
THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.  
Per:

\_\_\_\_\_  
*Authorized Signatory*



August 23, 2018

1119658 Alberta Ltd.  
1-52319 Range Road 231  
Sherwood Park, AB T8B 1A8

Subject: BDC Loan, Account No. 089654-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,570,548.15
Interest	\$39,939.14
<b>TOTAL</b>	<b>\$2,610,487.29</b>
Daily interest	\$414.81

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(i) of the *Bankruptcy and Insolvency Act*.

Yours truly,

Hardeep Singh  
Senior Account Manager, Special Accounts  
T (403) 292-4945  
E hardeep.singh@bdc.ca

Adriane Grabarevic  
Area Office Manager, Special Accounts  
T 604-666-4266  
E Adriane.grabarevic@bdc.ca

Encl. Form 86

*Notice of Intention to Enforce a Security  
(Rule 124)*

To: 1119658 Alberta Ltd. an insolvent person.

Take notice that:

- 1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 5002-34 Avenue, Drayton Valley, Alberta

All personal property of the insolvent person except consumer goods.

- 2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
- 3. The total amount of the indebtedness secured by the security is \$2,610,487.29, as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
- 4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



*Adriane Grabarevic, Area Office Manager, Special Accounts*



*Hardeep Singh, Senior Account Manager, Special Accounts*

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby:

- 1. Acknowledges receipt of the above Form 86 Notice;
- 2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
- 3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.

Per:

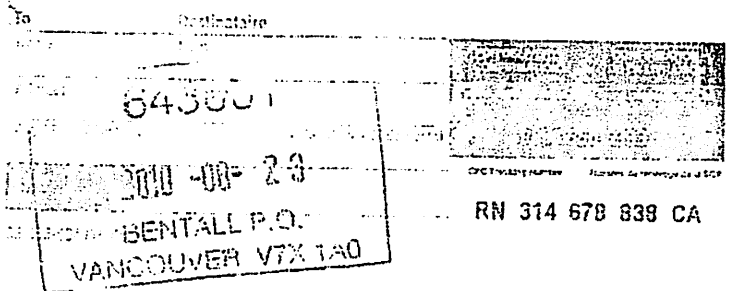
\_\_\_\_\_  
*Authorized Signatory*



REGISTERED DOMESTIC RECEIPT / REÇU DOMESTIQUE  
 RECOMMANDÉ RÉGIME ENVIRONNEMENTAL / RECOMMANDÉ RÉGIME ENVIRONNEMENTAL

August 23, 2018

1119658 Alberta Ltd.  
 2 - Kelsey Bay  
 Yorkton, SK. S3N 4C5



**Subject: BDC Loan, Account No. 089654-01**

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,570,548.15
Interest	\$39,939.14
<b>TOTAL</b>	<b>\$2,610,487.29</b>
Daily interest	\$414.81

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86

*Notice of Intention to Enforce a Security  
(Rule 124)*

To: 1119658 Alberta Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

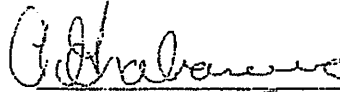
Land and building located at 5002-34 Avenue, Drayton Valley, Alberta

All personal property of the insolvent person except consumer goods.

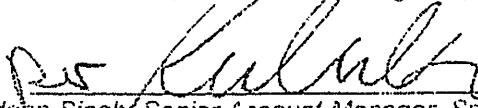
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,610,487.29, as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB, this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



*Adriane Grabarevic, Area Office Manager, Special Accounts*



*Hardeep Singh, Senior Account Manager, Special Accounts*

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby,

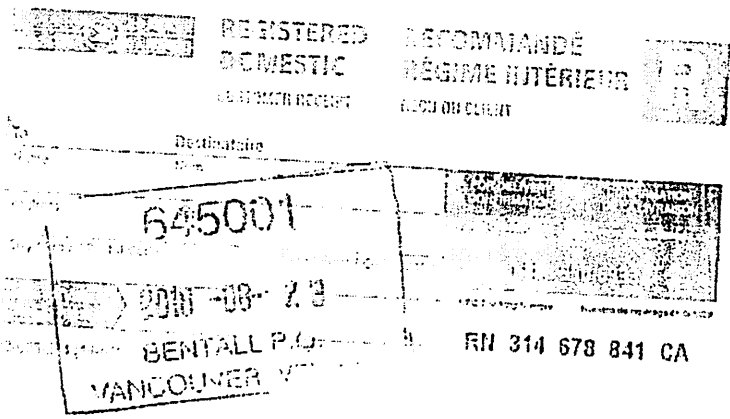
1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.

Per:

\_\_\_\_\_  
*Authorized Signatory*



August 23, 2018

1119658 Alberta Ltd.  
5002-34 Avenue  
Drayton Valley, AB. T7A 0C6

Subject: BDC Loan, Account No. 089654-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,570,548.15
Interest	\$39,939.14
<b>TOTAL</b>	<b>\$2,610,487.29</b>
Daily interest	\$414.81

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

Hardeep Singh  
Senior Account Manager, Special Accounts  
T (403) 292-4945  
E hardeep.singh@bdc.ca

Adriane Grabarevic  
Area Office Manager, Special Accounts  
T 604-666-4266  
E Adriane.grabarevic@bdc.ca

Encl. Form 86

*Notice of Intention to Enforce a Security*  
(Rule 124)

To: 1119658 Alberta Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 5002-34 Avenue, Drayton Valley, Alberta

All personal property of the insolvent person except consumer goods.

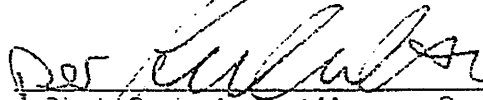
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,610,487.29, as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



*Adriane Grabarevic, Area Office Manager, Special Accounts*



*Hardeep Singh, Senior Account Manager, Special Accounts*

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.

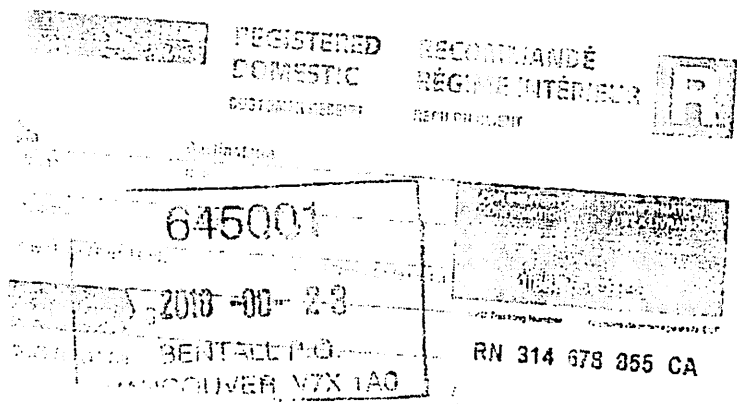
Per:

\_\_\_\_\_  
*Authorized Signatory*



August 23, 2018

101285461 Saskatchewan Ltd.  
Choice Quality Inn  
PO Box 79202 RPO Nottingham  
Sherwood Park AB. T8A 5S3



Subject: BDC Loan No. 1119658 Alberta Ltd. - Account no. 089654-01

Dear Sir/Madam

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory.

As you are aware, BDC holds a guarantee as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.

	Loan No. 01
Guarantee Detail	Full loan outstanding
Guarantee Amount Now Due	\$2,610,487.29
Daily interest on the guarantee amount	\$414.81

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,

Hardeep Singh  
Senior Account Manager, Special Accounts  
T (403) 292-4945  
E hardeep.singh@bdc.ca

Adriane Grabarevic  
Area Office Manager, Special Accounts  
T 604-666-4266  
E Adriane.grabarevic@bdc.ca

Encl.



**Notice of Intention to Enforce a Security  
(Rule 124)**

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 2 Kelsey Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods.

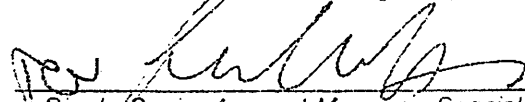
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,610,487.29. as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



*Adriane Grabarevic, Area Office Manager, Special Accounts*



*Hardeep Singh, Senior Account Manager, Special Accounts*

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby:

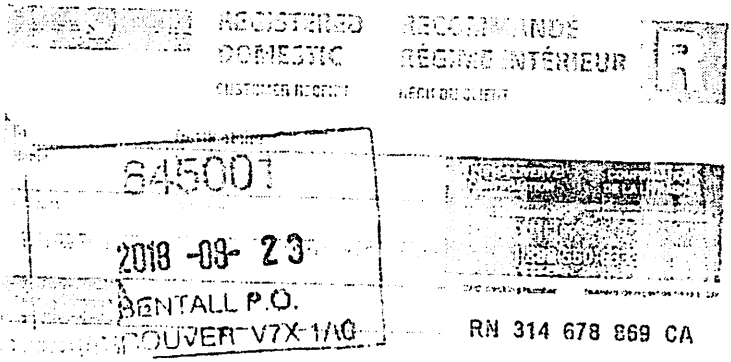
1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.

Per:

\_\_\_\_\_  
*Authorized Signatory*



August 23, 2018

101285461 Saskatchewan Ltd.  
Choice Quality Inn  
1515 – 5<sup>th</sup> Street  
Estavan, SK. S4A 0Z5

**Subject: BDC Loan No. 1119658 Alberta Ltd. - Account no. 089654-01**

Dear Sir/Madam

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory.

As you are aware, BDC holds a guarantee as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.

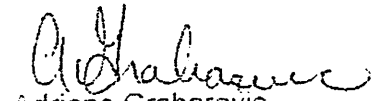
	Loan No. 01
Guarantee Detail	Full loan outstanding
<b>Guarantee Amount Now Due</b>	<b>\$2,610,487.29</b>
Daily interest on the guarantee amount	\$414.81

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Business Development Bank of Canada  
Special Accounts  
1925 - 32<sup>nd</sup> Avenue N.E., Suite 100  
Calgary, AB T2E 7C8 T 1-888-115-BDC [www.bdc.ca](http://www.bdc.ca)

Notice of Intention to Enforce a Security  
(Rule 124)

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

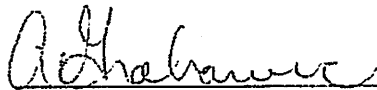
Land and building located at 2 Keisley Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods.

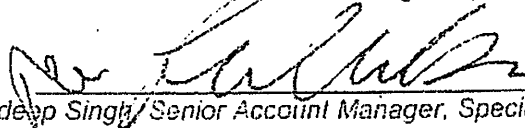
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,610,487.29, as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



Adriane Grabarevic, Area Office Manager, Special Accounts



Hardeep Singh, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.

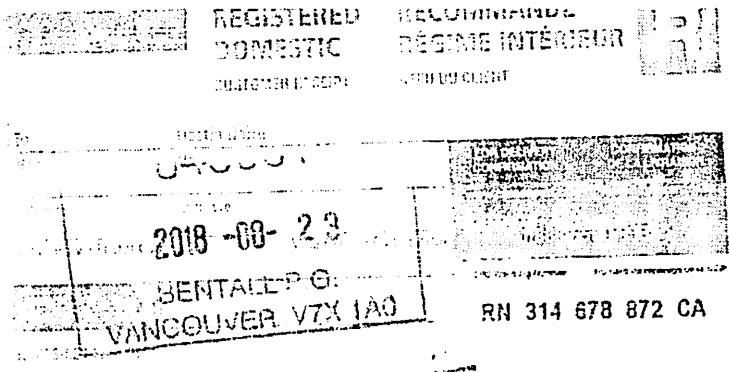
Per:

\_\_\_\_\_  
Authorized Signatory



August 23, 2018

Kuldeep (Kelly ) Kuar Maan  
79202 Nottingham  
Sherwood Park AB. T8A 5S3



**Subject: BDC Loan No. 1119658 Alberta Ltd. - Account no. 089654-01**

Dear Sir:

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory

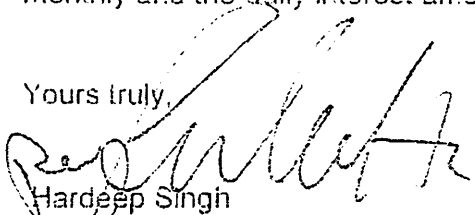
As you are aware, BDC holds a guarantee from yourself as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.

	Loan No. 01
Guarantee Detail	\$250,000.00
Guarantee Amount Now Due	\$250,000.00
Daily interest on the guarantee amount	\$39.73

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl.

Client Number 089654

C/A Number ... 08965401

Description	Value
PRINCIPAL EXCLUDING ARREARS	2,543,068.15
PRINCIPAL ARREARS	27,180.00
INTEREST	39,999.14
ACCRUED TO	22/08/2018
PROTECTIVE DISBURSEMENT	0.00
INTEREST ON PROTECTIVE DISBURSEMENT	0.00
<b>Total</b>	<b>2,610,487.29</b>

Description	Value
TAX ACCOUNT	0.00
DEPOSIT ACCOUNT WITH INTERESTS	0.00
DEPOSIT ACCOUNT WITHOUT INTERESTS	0.00
<b>Total Deposit</b>	<b>0.00</b>
<b>Total Net</b>	<b>2,610,487.29</b>
DAILY INTEREST ACCRUAL	408.47
DAILY IOI ACCRUAL	6.34
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	5.800000 %
VARIANCE RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
PROT.DISR. - DAILY INTEREST ACCRUAL	0.00
OPTION EXPIRY DATE	22/08/2018

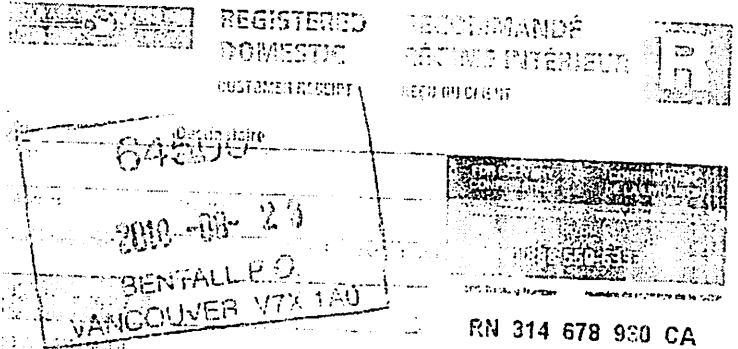
Disclaimers:

1. Payout figures do not include: Prepayment indemnity, interest differential, net present value of premiums and royalties and the amount of the option. For these calculations, refer to the Letter of Offer of Credit, Letters of Amendment, Circulars and the revised Calcuus software.
2. Escrow account balances must be analyzed internally before confirming the total payout figures to the borrower.
3. Floating Plan Daily interest accrual subject to operational rate change.

00158

Client Number 089654  
 From 09/01/2018 To 23/02/2018  
 C/A Number ... 08965401 119658 Alberta Ltd.

Transaction Date	Principal	Interest \$	Royalties \$	Fees	Other
25/01/2018	-9,159.80	-11,622.46	0.00	0.00	0.00
27/02/2018	0.00	-12,000.00	0.00	1,000.00	0.00
27/03/2018	0.00	-8,000.00	0.00	-4,000.00	0.00
24/04/2018	0.00	-12,000.00	0.00	0.00	0.00
25/05/2018	0.00	-12,000.00	0.00	0.00	0.00
<b>Total</b>	<b>-9,159.80</b>	<b>-55,622.46</b>	<b>0.00</b>	<b>-5,000.00</b>	<b>0.00</b>



August 23, 2018

101285461 Saskatchewan Ltd.  
Choice Quality Inn  
PO Box 79202 RPO Nottingham  
Sherwood Park, AB. T8A 5S3

**Subject: BDC Loan, Account No. 089712-01**

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,640,960.00
Interest	\$93,373.96
Held in Reserve Account without interest	(\$96,068.29)
<b>TOTAL</b>	<b>\$2,638,265.67</b>
Daily interest	\$434.48

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(I) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86

CC: 1119658 Alberta Ltd., & Kuldeep (Kelly) Kaur Maan

*Notice of Intention to Enforce a Security  
(Rule 124)*

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

- 1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 2 Kelsey Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods.

- 2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
- 3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
- 4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA

  
 Adriane Grabarevic, Area Office Manager, Special Accounts

  
 Hardeep Singh, Senior Account Manager, Special Accounts

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby:

- 1 Acknowledges receipt of the above Form 36 Notice,
- 2 Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
- 3 Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.  
Per:

\_\_\_\_\_  
*Authorized Signatory*

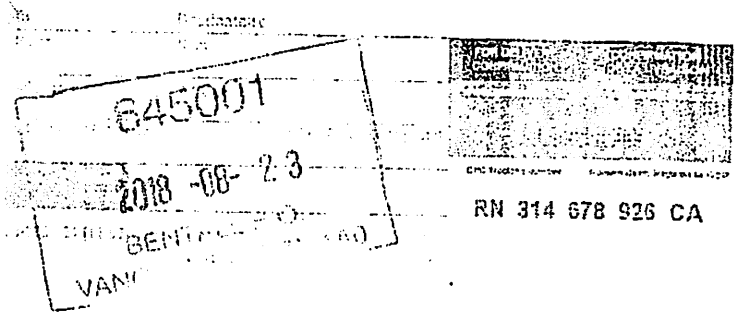




REGISTERED DOMESTIC CUSTOMER RECEIPT  
 RECOMMANDÉ RÉGIME INTÉRIEUR

August 23, 2018

101285461 Saskatchewan Ltd.  
 Choice Quality Inn  
 1215 -5<sup>th</sup> Street  
 Estevan, SK. S4A 0Z5



Subject: BDC Loan, Account No. 089712-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

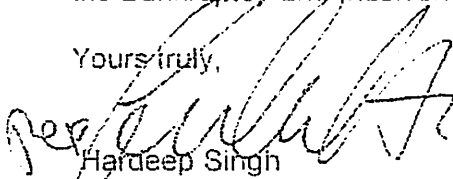
	Loan No. 01
Principal	\$2,640,960.00
Interest	\$93,373.96
Held in Reserve Account without interest	(\$96,058.29)
<b>TOTAL</b>	<b>\$2,638,265.67</b>
Daily interest	\$434.48

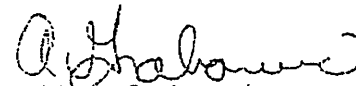
Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of intention to Enforce Security pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86

Notice of Intention to Enforce a Security  
(Rule 124)

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

- 1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 2 Kelsey Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods.

- 2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
- 3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
- 4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA

Adriane Grabarevic, Area Office Manager, Special Accounts

Hardeep Singh, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

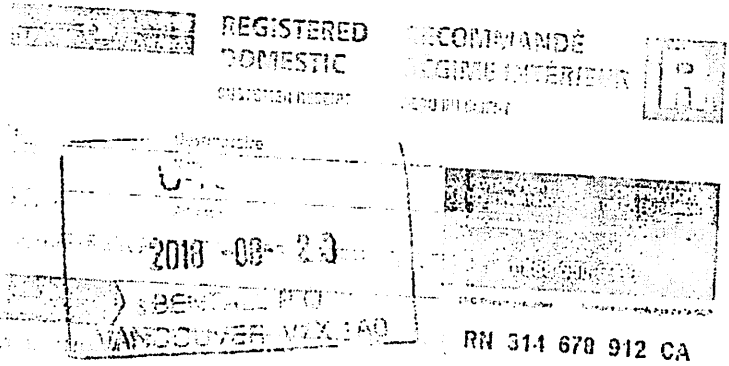
THE UNDERSIGNED hereby:

- 1. Acknowledges receipt of the above Form 86 Notice;
- 2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
- 3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.  
Per

\_\_\_\_\_  
Authorized Signatory



August 23, 2018

101285461 Saskatchewan Ltd.  
Choice Quality Inn  
2- Kelsey Bay  
Yorkton, SK. S3N 4C5

Subject: BDC Loan, Account No. 089712-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

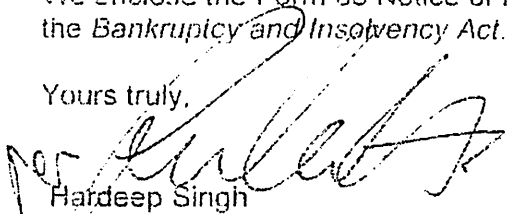
	Loan No. 01
Principal	\$2,640,960.00
Interest	\$93,373.96
Held in Reserve Account without interest	(\$96,068.29)
<b>TOTAL</b>	<b>\$2,638,265.67</b>
Daily interest	\$434.48

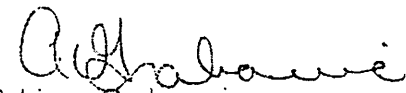
Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(I) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86  
August 23, 2018

101285461 Saskatchewan Ltd.

Business Development Bank of Canada  
Special Accounts  
905 - 21 Avenue NE, Suite 100  
Calgary AB T2E 7C8 • 1-800-969-BDC • www.bdc.ca

Notice of Intention to Enforce a Security  
(Rule 124)

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 2 Kelsey Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods.

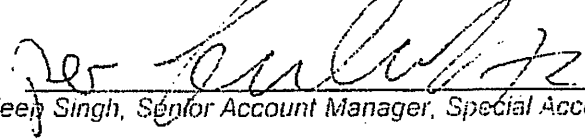
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



Adriana Grabarevic, Area Office Manager, Special Accounts



Hardeep Singh, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

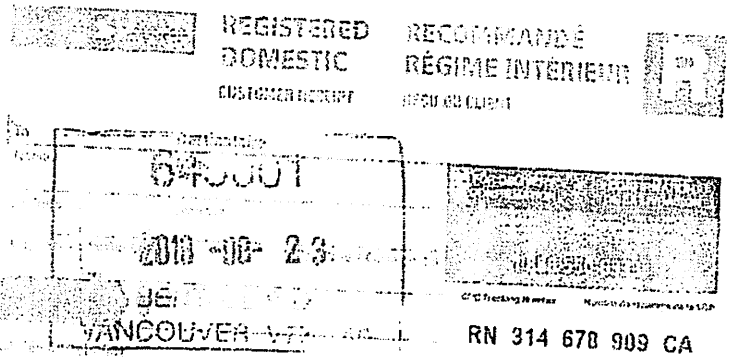
1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.

Per:

\_\_\_\_\_  
Authorized Signatory



August 23, 2018

101285461 Saskatchewan Ltd.  
Choice Quality Inn  
5002-34 Avenue  
Drayton Valley, AB. T7A 0C6

Subject: BDC Loan, Account No. 089712-01

Dear Sir/Madam:

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loan in full.

The amount due and payable on the date of this letter is:

	Loan No. 01
Principal	\$2,640,960.00
Interest	\$93,373.96
Held in Reserve Account without interest	(\$96,068.29)
<b>TOTAL</b>	<b>\$2,638,265.67</b>
Daily interest	\$434.48

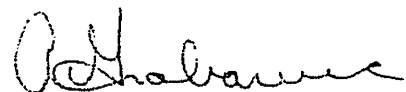
Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

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We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl. Form 86

Notice of Intention to Enforce a Security  
(Rule 124)

To: 101285461 Saskatchewan Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 2 Kelsey Bay Yorkton, Saskatchewan (Lots 11-12)

All personal property of the insolvent person except consumer goods

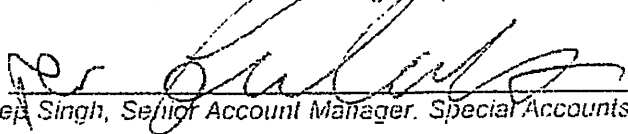
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



Adriane Grabarevic, Area Office Manager, Special Accounts



Hardeep Singh, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;
2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

101285461 Saskatchewan Ltd.

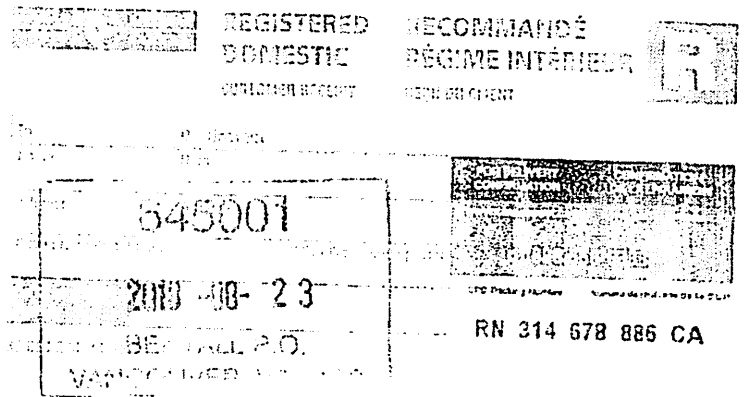
Per:

\_\_\_\_\_  
Authorized Signatory



August 23, 2018

1119658 Alberta Ltd.  
155 Fountain Creek Way  
Sherwood Park, AB. T8B 1C9



**Subject: BDC Loan, Account No. 089712-01 - 101285461 Saskatchewan Ltd.**

Dear Sir/Madam:

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory.

As you are aware, BDC holds a guarantee as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

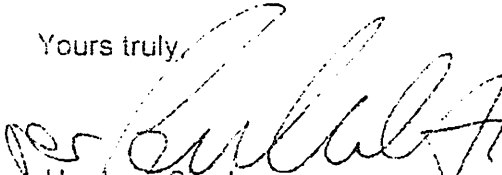
This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.

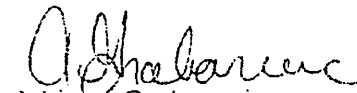
	Loan No. 01
Guarantee Detail	Full loan outstanding
Guarantee Amount Now Due	\$2,638,265.67
Daily interest on the guarantee amount	\$434.48

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4265  
 E Adriane.grabarevic@bdc.ca

Encl.

**Notice of Intention to Enforce a Security  
(Rule 124)**

To: 1119658 Alberta Ltd. an insolvent person.

Take notice that:

- 1 Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

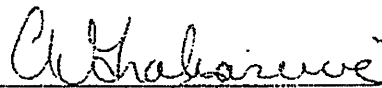
Land and building located at 5002-34 Avenue, Drayton Valley, Alberta

All personal property of the insolvent person except consumer goods.

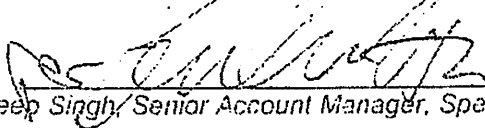
- 2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
- 3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
- 4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



*Adriane Grabarevic, Area Office Manager, Special Accounts*



*Hardeep Singh, Senior Account Manager, Special Accounts*

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby:

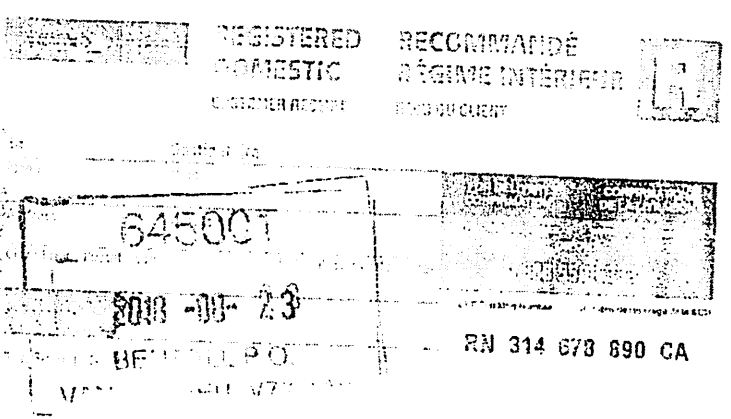
- 1. Acknowledges receipt of the above Form 86 Notice;
- 2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
- 3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.  
Per:

\_\_\_\_\_  
*Authorized Signatory*





August 23, 2018

1119658 Alberta Ltd.  
1- 52319 Range Road 231  
Sherwood Park, AB. T8B 1A8

Subject: BDC Loan, Account No. 089712-01 - 101285461 Saskatchewan Ltd.

Dear Sir/Madam:

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory.

As you are aware, BDC holds a guarantee as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

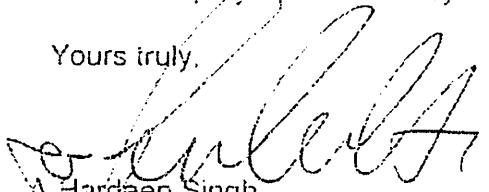
This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.


	Loan No. 01
Guarantee Detail	Full loan outstanding
Guarantee Amount Now Due	\$2,638,255.67
Daily interest on the guarantee amount	\$434.48

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(l) of the *Bankruptcy and Insolvency Act*.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl.

**Notice of Intention to Enforce a Security  
(Rule 124)**

To: 1119658 Alberta Ltd. an insolvent person.

Take notice that:

1. Business Development Bank of Canada, a secured creditor, intends to enforce its security on the insolvent person's property described below:

Land and building located at 5002-34 Avenue, Drayton Valley, Alberta

All personal property of the insolvent person except consumer goods.

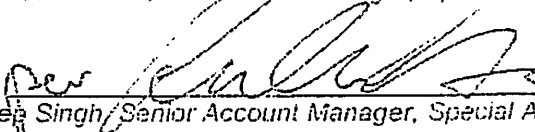
2. The security that is to be enforced is in the form of a Mortgage and General Security Agreement.
3. The total amount of the indebtedness secured by the security is \$2,638,265.67 as at August 23, 2018 with interest thereafter at the Bank's floating base rate per annum compounded monthly and all costs and charges of enforcement.
4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Calgary AB., this 23rd day of August, 2018.

BUSINESS DEVELOPMENT BANK OF CANADA



Adriane Grabarevic, Area Office Manager, Special Accounts



Hardeep Singh, Senior Account Manager, Special Accounts

**CONSENT AND WAIVER**

THE UNDERSIGNED hereby:

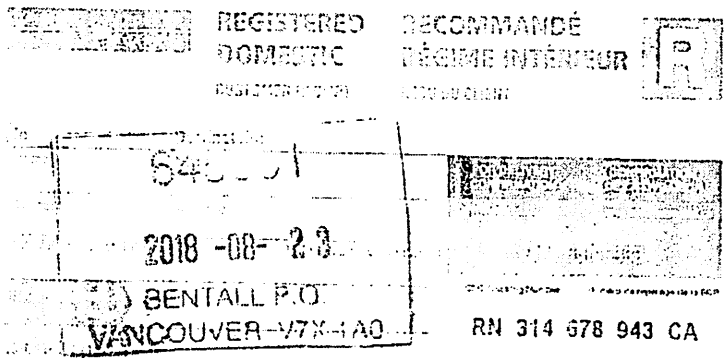
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2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and
3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at \_\_\_\_\_, this \_\_\_ day of \_\_\_\_\_, 2018.

1119658 Alberta Ltd.

Per

\_\_\_\_\_  
Authorized Signatory



August 23, 2018

Kuldeep (Kelly) Kaur Maan  
523919 Range Road, APrt1  
Sherwood, AB. T8A 1A8

Subject: BDC Loan, Account No. 089712-01 - 101285461 Saskatchewan Ltd.

Dear Sir:

We enclose herewith a copy of our notice of our demand addressed to the above named borrower, which you will find self-explanatory.

As you are aware, BDC holds a guarantee from yourself as underlying security for the above loan. We remind you that pursuant to the terms of the guarantee, BDC is not required to realize on the assets of the borrower mortgaged to BDC before making demand for payment upon you as the guarantor.

This letter constitutes demand upon you for the satisfaction of your guarantee obligation, concurrent with BDC's demand upon the company, and, if the indebtedness to BDC is not settled within 10 days from date of this letter, we propose to take such action as may be necessary for collection thereof.

	Loan No. 01
Guarantee Detail	Full loan outstanding
Guarantee Amount Now Due	\$250,000.00
Daily interest on the guarantee amount	\$39.73

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, Special Accounts  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl.

Client Number 089712

C/A Number 08971201

Description	Value
PRINCIPAL EXCLUDING ARREARS	2,613,450.00
PRINCIPAL ARREARS	37,510.00
INTEREST	95,373.96
ACCRUED TO	22/08/2018
PROTECTIVE DISBURSEMENT	0.00
INTEREST ON PROTECTIVE DISBURSEMENT	0.00
<b>Total</b>	<b>2,734,333.96</b>

Description	Value
TAX ACCOUNT	0.00
DEPOSIT ACCOUNT WITH INTERESTS	0.00
DEPOSIT ACCOUNT WITHOUT INTERESTS	96,068.29
<b>Total Deposit</b>	<b>96,068.29</b>
<b>Total Net</b>	<b>2,638,265.67</b>
DAILY INTEREST ACCRUAL	419.65
DAILY IOI ACCRUAL	14.83
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	5.800000 %
VARIANCE RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
PROT.DISB. - DAILY INTEREST ACCRUAL	0.00
OPTION EXPIRY DATE	22/08/2018

Disclosures:

1. Payout figures do not include: Prepayment indemnity, interest differential, net present value of premiums and royalties and the amount of the option. For these calculations, refer to the Letter of Offer of Credit, Letters of Amendment, Circulars and the revised Calculus software.
2. Escrow account balances must be analyzed internally before confirming the total payout figures to the borrower.
3. Floating Plan, Daily Interest Accrual, subject to operational rate change.

Client Number 089712  
 From 01/08/2017 To 22/08/2018  
 C/A Number ... 08971201 101285461 Saskatchewan Ltd.

Trans- action Date	Principal	Interest \$	Royalties \$	Fees	Other
23/08/2017	-9,170.00	-11,523.84	0.00	0.00	-3,000.00
25/09/2017	9,170.00	-11,777.95	0.00	-750.00	-3,000.00
23/10/2017	-9,170.00	-11,624.29	0.00	0.00	-3,000.00
23/11/2017	-9,170.00	-11,970.49	0.00	0.00	-3,000.00
27/12/2017	-9,170.00	-11,594.89	0.00	0.00	-17,610.05
29/12/2017	9,170.00	11,594.89	0.00	0.00	-6,104.36
12/01/2018	-9,170.00	-11,544.41	0.00	0.00	20,714.41
23/01/2018	-9,170.00	-12,014.76	0.00	0.00	-20,610.05
25/01/2018	9,170.00	12,014.76	0.00	0.00	-3,458.24
23/02/2018	0.00	-43,017.57	0.00	0.00	23,610.05
26/02/2018	0.00	43,017.57	0.00	0.00	23,610.05
27/02/2018	0.00	0.00	0.00	-1,000.00	-12,500.00
23/03/2018	0.00	-36,086.89	0.00	-4,025.00	-26,610.05
27/03/2018	0.00	36,086.89	0.00	4,025.00	14,110.05
24/04/2018	0.00	0.00	0.00	0.00	12,500.00
25/05/2018	0.00	-6,339.95	0.00	-4,050.00	-2,110.05
<b>Total</b>	<b>-45,850.00</b>	<b>-64,780.93</b>	<b>0.00</b>	<b>-5,800.00</b>	<b>-78,678.34</b>

This is **Exhibit "O"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carlyn McConnell*  
Commission Expires *Oct. 3 20*



# TOWN OF DRAYTON VALLEY

BOX 6837, 5120 - 52 STREET  
DRAYTON VALLEY, AB T7A 1A1

Phone: 780.514.2200 Fax: 780.542.5753  
Website: www.draytonvalley.ca

## T A X C E R T I F I C A T E

Roll Number: 53107700 Certificate Number: 1154

Legal Description: Lot -Block -Plan  
8 -151 0720020

Municipal Address: 5002 34 AVENUE  
Property Area:

LINC #: 0032162174  
Title #: 072004376

Tax Year:	2018	2017	2018
Tax Levy: \$		24,320.36	19,623.52
Supplementary Tax Levy: \$		.00	.00
Local Improvement Levy: \$		12,918.62	12,918.62
Local Improvement Expiration Date:		2022	

Current Taxes Outstanding: \$	37,423.46
Arrears Taxes Outstanding: \$	<u>.00</u>
Total amount of taxes payable at this date: \$	37,423.46

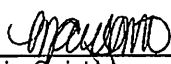
This certificate is binding on the municipality only to the date below and does not include taxes on buildings that are under construction but not yet assessed, and that may be added to the tax roll by the municipality as provided for in the Municipal Government Act, and does not include any money owing to the municipality but not to this date added to the tax roll of the municipality under the provision of any statute.

For an abstract of encumbrances other than taxes, apply to:  
The Registrar, Land Title Offices, Edmonton, Alberta

Tax payments returned by the bank after the date certified will make this certificate void.

Your File ID. 184182

MCLENNAN ROSS LLP  
600 MCLENNAN ROSS BUILDING  
12220 STONY PLAIN ROAD  
EDMONTON AB T5N 3Y4

  
Mairi Smith  
Revenue Manager  
Town of Drayton Valley  
2018/11/16 16:28:07

00176

This is **Exhibit "P"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*

*Oct. 3 20*



**CITY OF YORKTON**

P.O. BOX 400  
YORKTON, SK S3N 2W3  
Tel.:(306) 786-1736 Fax: (306) 786-6880



**TAX CERTIFICATE**

Tax (Folio) No.: 000 0515100300  
Name of Registered Owner(s): **101285461 SASKATCHEWAN LTD.**  
PARKLAND INN  
BOX 79202  
SHERWOOD PARK AB T8A 5S3

Date : 16-Nov-18  
Certificate No.:26663

Property Address: 2 KELSEY BAY  
Legal Description: LOT: 11-12  
ZONE: C-3  
BLOCK: 7  
YEAR BUILT: 1999

Lot Size: SEE FIELD SHEET  
PLAN NUMBER: 99Y06931

Extra Legal ISC PARCEL NOS. 142833685/142833674

	Property			Land			Improvements			Total NET
	Gross	Exempt	Net	Gross	Exempt	Net	Gross	Exempt	Net	
Assessed Value	7567000	0	7567000	0	0	0	0	0	0	0
Taxable Value	7567000	0	7567000	0	0	0	0	0	0	0

Utility Billing Account No.	Billing Period	Amount Owing	Last Levy	Billing Period	Due Date
035-0001190-000	BIMTH2	1602.04	1602.04	01/09/2018	30/11/2018
035-0001190-001	BIMTH2	0.00	2061.17	01/07/2015	17/09/2015
035-0001195-000	BIMTH2	1110.71	1110.71	01/09/2018	30/11/2018
035-0001195-001	BIMTH2	0.00	1819.65	01/07/2015	17/09/2015

**Tax Information**

2018 Tax Levy: 198558.09      Penalty: 4963.95

Balance as of 16-Nov-18

Current: 203522.04      Arrears: 203134.76  
Total Due: 406656.80      Interest: 0.00

I HEREBY CERTIFY that the above information is correct.

Dated at YORKTON, Saskatchewan

This 16 day of November, 2018 at 8 o'clock 02 M.

GIVEN UNDER AUTHORITY of  
SECTION 246.1 of the CITIES ACT of the PROVINCE OF SASKATCHEWAN

EXCLUDING ANY POSSIBLE SUPPLEMENTAL BILLINGS

This is **Exhibit "Q"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

C. McConnell )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Cawlyn McConnell* Commissioner for Oaths in and for the Province of Alberta  
Oct. 3 20



May 18, 2017

Ms. Kuldeep (Kelly) Maan  
1119658 Alberta Ltd.  
155 Fountain Creek Way  
Sherwood Park, AB., T8B 1C9

Subject: BDC Loan Account No.089654-01

Ms. Maan:

Further to our discussions please be advised that if the defaults on your account set out below are not satisfied within 15 days of the date of this letter the Bank will be obliged to demand full repayment of your loan.

**ARREARS**

Amounts in arrears:

	<i>Mult. no. 01</i>
Principal	\$64,120.00
<b>TOTAL</b>	<b>\$64,120.00</b>

Your cheque for the arrears set out above must be received within 15 days of the date of this letter. Please ensure there are adequate funds in your account to cover the upcoming regularly scheduled payment as well.

**TOTAL CARE PROGRAM**

We enclose the Total Care Program brochure for your information.

**CONTACT**

Please contact the undersigned as soon as possible so that we can address these issues.

Yours truly,

  
 Hardeep Singh  
 Senior Account Manager, Special Accounts  
 T (403) 292-4945  
 E hardeep.singh@bdc.ca

  
 Adriane Grabarevic  
 Area Office Manager, SA  
 T 604-666-4266  
 E Adriane.grabarevic@bdc.ca

Encl.

CC: 101285461 Saskatchewan Ltd., & Kuldeep (Kelly) Kaur Maan

Business Development Bank of Canada  
Special Accounts  
Sovereign Building, 250 - 6500 MacLeod Trail SE  
Calgary, AB T2H 0L3 1 888 Info-BDC www.bdc.ca

CANADA POSTES / POSTES CANADA  
**REGISTERED DOMESTIC**  
 CUSTOMER RECEIPT  
**RECOMMANDÉ RÉGIME INTÉRIEUR**  
 REÇU DU CLIENT **R**

To / Destinataire  
 Name / Nom  
 Address / Adresse  
 City / Prov. / Postal Code / Ville / Prov. / Code postal

FOR DELIVERY CONFIRMATION / CONFIRMATION DE LA LIVRAISON  
 www.canadapost.ca or / ou www.postescanada.ca  
 1 888 550-6333  
 CPC Tracking Number / Numéro de suivi de la BCP  
 RN 232 473 532 CA

Declared Value / Valeur déclarée \$  
 33-086-584 (14-06)

645001  
 2017-05-18  
 BEI - P.O.  
 VANCOUVER V6X 1A0

Client Number 089654

11  
173

C/A Number .... 08965401

Description	Outstanding (Includes payments in arrears)	Arrears
PRINCIPAL	2,683,880.00	64,120.00
INTEREST	8,661.98	0.00
<b>Total</b>	<b>2,692,541.98</b>	<b>64,120.00</b>

Description	Value
UNDISBURSED	0.00
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	4.700000 %
SPREAD RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
BILL TYPE	PRINCIPAL ONLY
FREQUENCY	MONTHLY
NEXT PAYMENT DATE	23/05/2017
NEXT PRINCIPAL DUE	9,160.00
TARGET IRR	0.000000 %
ACTUAL IRR	-0.890450 %

Client Number 089654  
 From 01/03/2017 To 18/05/2017  
 C/A Number ... 08965401 1119658 Alberta Ltd.

11  
 4-2

Trans- action Date	Principal	Interest \$	Royalties \$	Fees	Other
01/03/2017	0.00	-10,716.17		0.00	0.00
23/03/2017	-54,960.00	-9,682.19		0.00	0.00
27/03/2017	54,960.00	9,682.19		0.00	0.00
29/03/2017	0.00	-9,682.19		0.00	0.00
24/04/2017	-64,120.00	-10,718.44		0.00	0.00
26/04/2017	64,120.00	10,718.44		0.00	0.00
11/05/2017	0.00	-10,718.44		0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>-31,116.80</b>		<b>0.00</b>	<b>0.00</b>



May 18, 2017

Ms. Kuldeep (Kelly) Maan  
101285461 Saskatchewan Ltd.  
PO Box 79202 RPO Nottingham  
Sherwood Park, AB. T8A 5S3

Subject: BDC Loan, Account No 089712-01

Ms. Maan:

Further to our discussions please be advised that if the defaults on your account set out below are not satisfied within 15 days of the date of this letter the Bank will be obliged to demand full repayment of your loan.

**ARREARS**

Amounts in arrears:

	<i>Mult. no. 01</i>
Principal	\$27,510.00
Tax Reserve Account	\$3,000.00
<b>TOTAL</b>	<b>\$30,510.00</b>

**TOTAL CARE PROGRAM**

We enclose the Total Care Program brochure for your information.

**CONTACT**

Please contact the undersigned as soon as possible so that we can address these issues.

Yours truly,

Hardeep Singh  
Senior Account Manager, Special Accounts  
T (403) 292-4945  
E hardeep.singh@bdc.ca

Adriane Grabarevic  
Area Office Manager, SA  
T 604-666-4266  
E Adriane.Grabarevice@bdc.ca

Encl.

CC: 1119658 Alberta Ltd., & Kuldeep (Kelly) Kaur Maan

**CANADA POST / POSTES CANADA**  
**REGISTERED DOMESTIC / RECOMMANDÉ RÉGIME INTÉRIEUR**  
**CUSTOMER RECEIPT / REÇU DU CLIENT**

**R**

**FOR DELIVERY CONFIRMATION / CONFIRMATION DE LA LIVRAISON**  
 Write destination code or/ou www.postescanada.ca  
**1 888 550-6333**  
 CRC Tracking Number / Numéro de suivi de la CCP  
**RN 232 473 546 CA**

To / Destinataire  
 Name / Nom  
 Address / Adresse  
 City / Prov. / Postal Code / Ville / Prov. / Code postal

Declared Value / Valeur déclarée \$ **33-086-584 (14-06)**

**VANCOUVER V7X 1A0**  
**2017-05-18**  
**04150071**

Client Number 089712

11  
1/2

C/A Number .... 08971201

Description	Outstanding (Includes payments in arrears)	Arrears
PRINCIPAL	2,723,490.00	27,510.00
INTEREST	8,789.81	0.00
DEPOSIT WITHOUT INT.-OVERDUE INSTALMENT	3,000.00	3,000.00
<b>Total</b>	<b>2,735,279.81</b>	<b>30,510.00</b>

Description	Value
DEPOSIT ACCOUNT WITHOUT INTERESTS	17,000.00
<b>Total Deposit</b>	<b>17,000.00</b>
<b>Total Net</b>	<b>2,718,279.81</b>
UNDISBURSED	0.00
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	4.700000 %
SPREAD RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
BILL TYPE	PRINCIPAL ONLY
FREQUENCY	MONTHLY
NEXT PAYMENT DATE	23/05/2017
NEXT PRINCIPAL DUE	9,170.00
TARGET IRR	0.000000 %
ACTUAL IRR	-0.957880 %

This is **Exhibit "R"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

*C McConnell* )  
A Commissioner for Oaths in and )  
for the Province of Alberta )

*Carolyn McConnell*

*Oct. 3 20*



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**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Financial Statements**  
**June 30, 2017**  
**(Unaudited)**

---

**1119658 Alberta Ltd.**

**CONTENTS**

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Statement of Retained Earnings	3
Statement of Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11

**DOYLE & COMPANY**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\* Operates as a Professional Corporation

11210 - 107 Avenue N.W., 2nd Flr  
Edmonton, Alberta T5H 0Y1  
Tel (780) 452-2300, Fax (780) 452-2335

**REVIEW ENGAGEMENT REPORT**

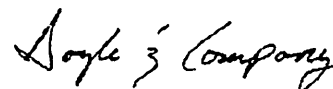
To the Shareholders of **1119658 Alberta Ltd.**

We have reviewed the balance sheet of **1119658 Alberta Ltd. (Operating as: Westwood Inn)** as at June 30, 2017 and the statements of deficit, earnings, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Private Enterprises.

Edmonton, Alberta  
October 31, 2017



Chartered Professional Accountants

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**

**Balance Sheet**  
**As at June 30, 2017**  
**(Unaudited)**

	2017	2016 (Note 12)
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	20,463	632,843
GST receivable	-	996
Corporate taxes recoverable	23,059	53,752
Due from related parties (Note 3)	2,935,151	2,816,307
Inventory for consumption	3,000	5,069
Prepaid expenses	12,610	25,719
	2,994,283	3,534,686
<b>Investments</b>	796,317	783,365
<b>Capital Assets (Note 4)</b>	1,733,302	1,821,281
	5,523,902	6,139,332
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable (Note 5)	39,306	35,470
GST payable	1,638	-
Shareholders loan (Note 6)	789,151	1,167,315
Current portion of long-term debt (Note 8)	127,812	99,510
	957,907	1,302,295
<b>Long-Term Debt (Note 8)</b>	2,608,628	2,674,504
	3,566,535	3,976,799
<b>RETAINED EARNINGS</b>		
<b>Share Capital (Note 9)</b>	100	100
<b>Retained Earnings</b>	1,957,267	2,162,433
	1,957,367	2,162,533
	5,523,902	6,139,332

Approved by the Board of Directors:

\_\_\_\_\_ Director

The accompanying notes form part of these financial statements.

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Statement of Retained Earnings**  
**For the year ended June 30, 2017**  
**(Unaudited)**

	2017	2016 (Note 12)
	\$	\$
<b>Balance, beginning of year</b>	<b>2,162,433</b>	<b>2,434,129</b>
<b>Net loss for the year</b>	<b>(205,166)</b>	<b>(271,696)</b>
<b>Balance, end of year</b>	<b>1,957,267</b>	<b>2,162,433</b>

---

The accompanying notes form part of these financial statements.

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**

**Statement of Earnings**

For the year ended June 30, 2017

(Unaudited)

	2017	2016 (Note 12)
	\$	\$
<b>Revenue</b>	<b>227,037</b>	<b>226,101</b>
<b>Expenses</b>		
Advertising and promotion	2,657	3,902
Amortization	77,489	116,665
Business taxes & dues	4,870	3,196
Property taxes	37,037	55,676
Insurance	23,264	26,499
Interest and bank charges	6,050	9,239
Interest, long-term obligations	126,740	119,672
Office	225	589
Professional fees	2,528	45,264
Management fees	14,550	19,744
Repairs and maintenance	14,641	11,819
Hotel taxes	8,224	6,337
Supplies	20,227	19,763
Telephone, utilities and internet	61,372	59,861
Travel	10,133	2,861
Wages and employee benefits	51,291	54,230
Workers compensation board	120	-
	<b>461,418</b>	<b>555,317</b>
<b>Loss before Other Income</b>	<b>(234,381)</b>	<b>(329,216)</b>
<b>Other Income</b>		
Interest	2,502	3,768
<b>Loss before Income Taxes</b>	<b>(231,879)</b>	<b>(325,448)</b>
<b>Income Taxes</b>		
Current (recovery)	(26,713)	(53,752)
<b>Net Loss for the Year</b>	<b>(205,166)</b>	<b>(271,696)</b>

The accompanying notes form part of these financial statements.

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**

**Statement of Cash Flows**

For the year ended June 30, 2017

(Unaudited)

	2017	2016
	\$	(Note 12) \$
<b>Operating Activities</b>		
Cash received from customers	227,037	226,101
Cash paid to suppliers and employees	(163,583)	(487,321)
Interest paid	(126,740)	(119,672)
	<b>(63,286)</b>	<b>(380,892)</b>
<b>Financing Activities</b>		
Advances to related parties	(118,844)	(2,176,858)
Advances (to) from shareholders	(378,164)	69,447
Proceeds from long term debt	-	2,750,000
Repayment of long term debt	(37,574)	(679,585)
	<b>(534,582)</b>	<b>(36,996)</b>
<b>Investing Activities</b>		
Increase in investments	(12,952)	(7,819)
Additions to capital assets	(1,560)	(7,696)
	<b>(14,512)</b>	<b>(15,515)</b>
<b>Increase in Cash during the Year</b>	<b>(612,380)</b>	<b>(433,403)</b>
<b>Cash, beginning of year</b>	<b>632,843</b>	<b>1,066,246</b>
<b>Cash, end of year</b>	<b>20,463</b>	<b>632,843</b>

The accompanying notes form part of these financial statements.

---

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

---

**Nature of Operations**

1119658 Alberta Ltd. (the "Company") is a privately owned company incorporated in July 26, 2004 under the Business Corporations Act of the Province of Alberta. The Company's principal business activity is the provision of operating a motel in Drayton Valley, Alberta. The Company operates as a Westwood Inn.

**1. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian Accounting Standards for Private Enterprises. The significant accounting policies are described below:

**(a) Cash**

Cash consists of funds on deposit at a Canadian financial institution.

**(b) Inventory for consumption**

Inventory consists of hotel room supplies and is valued at the lower of cost and net realizable value.

**(c) Investments**

Investments consists of land and is recorded at cost.

**(d) Capital Assets**

Capital assets are recorded at cost. The company provides for amortization using the declining balance method at the following rates to amortize the cost of the capital assets over their estimated useful lives.

The annual amortization rates are as follows:

Land	0%
Automotive	30%
Building	4%
Computer equipment	30%
Equipment and furniture	20%
Parking and paving	4%
Signs	20%

It is management's policy to only recognize capital asset additions which are over a minimum cost of \$500.

**(e) Income taxes**

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

**(f) Revenue Recognition**

Revenue from hotel services and products are recognized at the point of sale.



**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**

**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

**2. Measurement uncertainty**

The preparation of financial statements in conformity with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**3. Due from Related Parties**

	2017	2016
	\$	\$
101285461 Saskatchewan Ltd.	2,303,492	2,178,759
1058205 Alberta Ltd.	631,659	637,548
	2,935,151	2,816,307

101285461 Saskatchewan Ltd. is related by common control and 1058205 Alberta Ltd. is related due to being controlled by related persons.

The amounts due from related parties, are non-interest bearing, unsecured and have no fixed terms of repayment.

**4. Capital Assets**

	2017		2016	
	Cost	Accumulated	Net book	Net book
	\$	Amortization	Value	Value
	\$	\$	\$	\$
Land	278,949	-	278,949	278,949
Automotive	94,212	76,146	18,066	25,809
Building	2,352,947	983,471	1,369,476	1,426,538
Computer equipment	7,576	7,437	139	199
Equipment and furniture	173,825	129,081	44,744	54,174
Parking and paving	47,322	28,855	18,467	31,286
Signs	22,921	19,460	3,461	4,326
	2,977,752	1,244,450	1,733,302	1,821,281

**5. Accounts Payable**

	2017	2016
	\$	\$
Trade	35,089	31,813
Vacation payable	663	2,662
CRA - source deductions payable	3,554	995
	39,306	35,470

---

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Notes to the Financial Statements**

**June 30, 2017**

**(Unaudited)**

---

**6. Shareholder Loan**

Amounts owing to the shareholder are unsecured, non-interest bearing, and have no set terms of repayment.

The shareholder loan is held as collateral for the BDC mortgage.

**7. Related Party Transactions**

During the year, the Company received \$18,781 (2016 - nil) from 101285461 Saskatchewan Ltd. for supplies.

This transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

**8. Long-Term Debt**

	2017	2016
	\$	\$
BDC Mortgage bearing interest at 4.8% per annum, repayable in monthly principle payments of \$9,160 and maturing in January 2041. The mortgage is secured by the land and building with a net book value of \$1,666,892 (2016 - \$1,736,773).	2,659,877	2,680,380
BMW loan bearing interest at 4.9% per annum, repayable in bi-weekly payments including interest of \$317.36, and matures in April 2019. The loan is secured by the automotive with a net book value of \$29,249 (2016 - \$41,784).	14,437	21,793
Drayton Valley loan bearing interest at 4.6% per annum, repayable in semi-annual payments including interest of \$6,459.31, and matures in December 2022. The loan is secured by the land and building with a net book value of \$1,666,892 (2016 - \$1,736,773).	62,126	71,841
	2,736,440	2,774,014
Amounts payable within one year	(127,812)	(99,510)
	2,608,628	2,674,504

The BDC Mortgage is also secured by a general security agreement, a guarantee from 101285461 Saskatchewan Ltd., a personal guarantee of the shareholder, and by assignment of the shareholder loan.

Future principal repayments are approximately:

	\$
2018	127,812
2019	127,276
2020	121,059
2021	121,579
2022	122,124
Thereafter	2,116,590
	2,736,440

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**

**Notes to the Financial Statements**

**June 30, 2017**

(Unaudited)

**9. Share Capital**

Authorized:

Unlimited Class A common voting shares  
 Unlimited Class B common voting shares  
 Unlimited Class C common non-voting shares

	2017	2016
	\$	\$
Issued:		
100 Class A common voting shares	100	100

**10. Financial Instruments and concentration of risk**

The financial instruments of the Company consist of cash, corporate taxes recoverable, due from related parties, accounts payable, GST payable, shareholders loan, and long-term debt. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The company is exposed to interest rate risk primarily through its long term debts. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The majority of the company's assets are in capital assets. The substantial capital assets are not easily liquidated. The company is exposed to liquidity risk through its significant current and long term debt obligations. The company seeks to reduce its liquidity risk by maintaining sufficient cash flow to meet its liabilities when due, under both normal and challenging conditions.

---

**1119658 Alberta Ltd.**  
**(Operating as: Westwood Inn)**  
**Notes to the Financial Statements**

**June 30, 2017**

**(Unaudited)**

---

**11. Going Concern**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to operate profitably, generate positive cash flows and obtain funds from third parties as required to meet its obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations

**12. Comparative Figures**

Certain comparative figures have been restated to conform to the current year presentation. The comparative figures have been prepared on a notice to reader basis.

This is **Exhibit "S"** referred to in the Affidavit of Hardeep Singh sworn before me on the 20 day of November, 2018.

Carolyn McCann )  
 )  
 A Commissioner for Oaths in and )  
 for the Province of Alberta )

*Carolyn McCann*, Commissioner for Oaths in and for the Province of Alberta.  
 Commission expires *Oct 3 20*

---

**101285461 Saskatchewan Ltd.**

**(Operating as: Quality Inn)**

**Financial Statements**

**June 30, 2017**

**(Unaudited)**

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**101285461 Saskatchewan Ltd.**

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**DOYLE & COMPANY**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

Allan J. Grykuliak, CPA, CA\*  
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**REVIEW ENGAGEMENT REPORT**

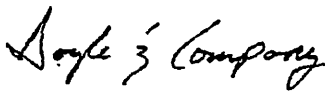
To the Shareholders of **101285461 Saskatchewan Ltd.**

We have reviewed the balance sheet of **101285461 Saskatchewan Ltd. (Operating as: Quality Inn)** as at June 30, 2017 and the statements of deficit, earnings, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures, and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Private Enterprises.

Edmonton, Alberta  
October 11, 2017

  
Chartered Professional Accountants

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Balance Sheet**

As at June 30, 2017

(Unaudited)

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	66,245	31,934
Accounts receivable	46,965	58,667
Future income taxes	118,713	58,143
Inventory for consumption	3,047	3,966
Prepaid expenses	-	22,452
	<u>234,970</u>	<u>175,162</u>
<b>Capital Assets (Note 3)</b>	<u>4,929,548</u>	<u>5,029,557</u>
	<u>5,164,518</u>	<u>5,204,719</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable (Note 4)	176,430	173,126
GST payable	15,343	1,592
Shareholders loan (Note 6)	227,493	199,084
Due to Related Parties (Note 5)	2,398,492	2,263,489
Current portion of long-term debt (Note 8)	661,321	164,190
	<u>3,479,079</u>	<u>2,801,481</u>
<b>Long-Term Debt (Note 8)</b>	<u>2,595,110</u>	<u>2,807,557</u>
	<u>6,074,189</u>	<u>5,609,038</u>
<b>CAPITAL DEFICIENCY</b>		
Share Capital (Note 9)	100	100
Deficit	(909,771)	(404,419)
	<u>(909,671)</u>	<u>(404,319)</u>
	<u>5,164,518</u>	<u>5,204,719</u>

Approved by the Board of Directors:

\_\_\_\_\_ Director

The accompanying notes form part of these financial statements.

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Statement of Deficit**

**For the year ended June 30, 2017**

**(Unaudited)**

	2017	2016
	\$	\$
Balance, beginning of year	(404,419)	-
Net loss for the year	(505,352)	(404,419)
Balance, end of year	(909,771)	(404,419)

The accompanying notes form part of these financial statements.

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quailty Inn)**

**Statement of Earnings**

For the year ended June 30, 2017

(Unaudited)

	2017	2016
	\$	\$
<b>Revenue</b>	<b>1,146,112</b>	<b>1,016,244</b>
<b>Cost of Goods Sold</b>		
Continantal breakfast	87,018	89,753
Room tax	53,505	37,612
Royalty fees	106,389	37,571
Wages and benefits	559,265	461,400
	<b>806,177</b>	<b>626,336</b>
<b>Gross Profit</b>	<b>339,935</b>	<b>389,908</b>
<b>Expenses</b>		
Advertising and promotion	22,898	27,489
Amortization	185,774	94,158
Business taxcs & dues	7,059	480
Equipment rental	4,603	-
Insurance	21,604	18,904
Interest and bank charges	21,965	14,787
Interest, long-term obligations	136,219	123,580
Office	3,287	10,201
Professional fees	2,717	2,860
Property taxes	230,549	228,529
Repairs and Maintenance	41,582	51,017
Subcontractors	-	1,000
Supplies	64,098	44,744
Telephone, utlities and sanitation	137,031	122,756
Travel	16,959	24,434
Workers compensation board	7,162	6,574
	<b>903,507</b>	<b>771,513</b>
<b>Loss before Other Expenses</b>	<b>(563,572)</b>	<b>(381,605)</b>
<b>Other Expenses</b>		
Start-up costs	-	33,952
Union grievance	2,350	47,005
	<b>2,350</b>	<b>80,957</b>
<b>Loss before Income Taxes</b>	<b>(565,922)</b>	<b>(462,562)</b>
<b>Income Taxes</b>		
Future (recovery)	(60,570)	(58,143)
<b>Net Loss for the Year</b>	<b>(505,352)</b>	<b>(404,419)</b>

The accompanying notes form part of these financial statements.

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Statement of Cash Flows**

**For the year ended June 30, 2017**

**(Unaudited)**

	2017	2016
	\$	\$
<b>Operating Activities</b>		
Cash received from customers	1,099,147	957,577
Cash paid to suppliers and employees	(1,238,509)	(1,112,768)
Interest paid	(136,219)	(123,580)
	(275,581)	(278,771)
<b>Financing Activities</b>		
Advances from related parties	135,003	2,263,489
Advances from shareholders	28,409	199,184
Proceeds from long term debt	400,000	2,979,917
Repayment of long term debt	(136,680)	(8,170)
	426,732	5,434,420
<b>Investing Activities</b>		
Additions to capital assets	(116,840)	(5,123,715)
<b>Increase in Cash during the Year</b>	<b>34,311</b>	<b>31,934</b>
Cash, beginning of year	31,934	-
Cash, end of year	66,245	31,934

The accompanying notes form part of these financial statements.

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

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**Nature of Operations**

101285461 Saskatchewan Ltd. (the "Company") is a privately owned company incorporated on July 17, 2015 under the Business Corporations Act of the Province of Saskatchewan. The Company's principal business activity is the provision of operating a Quality Inn hotel in Yorkton, Saskatchewan.

**1. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian Accounting Standards for Private Enterprises. The significant accounting policies are described below:

**(a) Cash**

Cash consists of funds on deposit at a Canadian financial institution.

**(b) Inventory for consumption**

Inventory consists of hotel room supplies and is valued at the lower of cost and net realizable value.

**(c) Capital Assets**

Capital assets are recorded at cost. The company provides for amortization using the declining balance method at the following rates to amortize the cost of the capital assets over their estimated useful lives.

The annual amortization rates are as follows:

Land	0%
Building	4%
Computer equipment	30%
Equipment	20%
Franchise fees	10%
Signs	20%

It is management's policy to only recognize capital asset additions which are over a minimum cost of \$500.

**(d) Income taxes**

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

**(e) Revenue Recognition**

Revenue from hotel services and products are recognized at the point of sale.

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

**2. Measurement uncertainty**

The preparation of financial statements in conformity with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**3. Capital Assets**

	2017		2016	
	Cost \$	Accumulated Amortization \$	Net book Value \$	Net book Value \$
Land	1,000,000	-	1,000,000	1,000,000
Building	4,030,070	226,707	3,803,363	3,793,592
Computer equipment	16,584	6,639	9,945	19,220
Equipment	77,738	21,096	56,642	110,490
Franchise fees	30,044	4,382	25,662	28,666
Signs	50,250	16,314	33,936	77,589
	<b>5,204,686</b>	<b>275,138</b>	<b>4,929,548</b>	<b>5,029,557</b>

**4. Accounts Payable**

	2017 \$	2016 \$
Trade	135,968	141,626
Royalty fees	30,085	22,000
BDC reserve	5,000	5,000
CRA - source deductions payable	5,377	4,500
	<b>176,430</b>	<b>173,126</b>

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quality Inn)**

**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

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**5. Due to Related Parties**

	2017	2016
	\$	\$
1119658 Alberta Ltd.	2,303,492	2,168,489
1058205 Alberta Ltd.	95,000	95,000
	<u>2,398,492</u>	<u>2,263,489</u>

1119658 Alberta Ltd. is related by common control and 1058205 Alberta Ltd. is related due to being controlled by related persons.

The amounts due from related parties, are non-interest bearing, unsecured and have no fixed terms of repayment.

**6. Shareholder Loan**

Amounts owing to the shareholder are unsecured, non-interest bearing, and have no set terms of repayment.

The shareholder loan is held as collateral for the BDC mortgage.

**7. Related Party Transactions**

During the year, the Company paid \$18,781 (2016 - nil) to 1119658 Alberta Ltd for supplies.

This transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



**101285461 Saskatchewan Ltd.**  
**(Operating as: Quailty Inn)**

**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

**8. Long-Term Debt**

	2017	2016
	\$	\$
BDC Mortgage bearing interest at 4.70% per annum, repayable by interest only until commencement of monthly principle payments of \$9,170 starting in December 2016. The mortgage matures on April 23, 2041 and is secured by the land and building with a net book value of the land and bulding is \$4,347,925 (2016 - \$4,864,328).	2,705,150	2,341,830
1621804 Alberta Ltd. Mortgage bearing interest at 4.50% per annum, repayable in one payment of \$100,000 on August 14, 2016 and a second payment of \$500,000 plus all interest on August 14, 2017. The mortgage matures on August 14, 2017 and is secured by the land and building with a net book value of the land and bulding is \$\$4,347,925 (2016 - \$4,864,328). This mortgage has second rights to the assets after the BDC Mortgage.	551,281	629,917
	3,256,431	2,971,747
Amounts payable within one year	(661,321)	(164,190)
	2,595,110	2,807,557

The BDC Mortgage is also secured by a general security agreement, a guarantee from 1119658 Alberta Ltd, a personal guarantee of the sharcholder, and by assignment of the shareholder loan.

Future principal repayments are approximately:

2018	661,321
2019	110,040
2020	110,040
2021	110,040
2022	110,040
Thereafter	2,154,950
	3,256,431

**9. Share Capital**

Authorized:

Unlimited Class A common voting shares

	2017	2016
	\$	\$
Issued:		
100 Class A common voting shares	100	100

**101285461 Saskatchewan Ltd.**  
**(Operating as: Quailty Inn)**  
**Notes to the Financial Statements**

June 30, 2017

(Unaudited)

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**10. Financial Instruments and concentration of risk**

The financial instruments of the Company consist of cash, accounts receivable, future income taxes, accounts payable, GST payable, shareholders loan, due to related parties, and long-term debt. The fair value of these financial instruments approximates their carrying values unless otherwise noted.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The company is exposed to interest rate risk primarily through its long term debts. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The majority of the company's assets are in capital assets. The substantial capital assets are not easily liquidated. The company is exposed to liquidity risk through its significant current and long term debt obligations. The company seeks to reduce its liquidity risk by maintaining sufficient cash flow to meet its liabilities when due, under both normal and challenging conditions.

**11. Going Concern**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company's ability to continue as a going concern is dependent upon its ability to operate profitably, generate positive cash flows and obtain funds from third parties as required to meet its obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

**12. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year presentation.

This is **Exhibit "T"** referred to in the Affidavit of  
Hardeep Singh sworn before me on the 20  
day of November, 2018.

*McCull*

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A Commissioner for Oaths in and  
for the Province of Alberta

)  
)  
)  
)

*Carolyn McConnell*

*Oct. 3 20*

COURT FILE NUMBER: 1803-  
COURT COURT OF QUEEN'S BENCH  
OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY OF 1119658 ALBERTA LTD. and  
101285461 SASKATCHEWAN LTD.  
PLAINTIFF/APPLICANT BUSINESS DEVELOPMENT BANK OF CANADA  
DEFENDANT'S/RESPONDENTS 1119658 ALBERTA LTD. and 101285461  
SASKATCHEWAN LTD.  
DOCUMENT: CONSENT TO ACT  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
McLENNAN ROSS LLP  
#600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, Alberta T5N 3Y4  
Lawyer: Charles P. Russell, Q.C.  
Telephone: (780) 482-9115  
Fax: (780) 733-9757  
File No.: 184182

CONSENT TO ACT

**HARDIE & KELLY INC. HEREBY CONSENTS** to act as Receiver, or Receiver and Manager, pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 195, c. B-3, section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, section 99(a) of the *Business Corporations Act*, R.S.A. 2000, c. B-9, and section 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 each as amended, of all of the current and future assets and undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.

Dated at the City of Calgary, in the )  
Province of Alberta this 9<sup>th</sup> day of )  
November, 2018 )

**HARDIE & KELLY INC.**

Per: 

Kevin Meyler, CA, CIRP, LIT  
Senior Vice President