

THIS IS EXHIBIT "13" referred to in
the Affidavit of Canute Taggerh
SWORN before me at Saskatoon
this 29th day of October, 20 09

A COMMISSIONER FOR OATHS in and
for the Province of Saskatchewan
Being a Solicitor - OR -
My Commission expires _____

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated for reference the 16th day of October, 2006, is made

BETWEEN:

FCC VENTURES, a division of FARM CREDIT CANADA, a federal crown corporation having an office at 3820, 700 - 2nd Street SW, Calgary, Alberta T2P 2W2 (hereinafter referred to as the "**Investor**")

AND:

BIG SKY FARMS INC. a corporation incorporated under the laws of Province of Saskatchewan, with its head office at 905 Fifth Avenue, PO Box 610 Humboldt, Saskatchewan S0K 1M5 (the "**Corporation**").

WHEREAS the Investor has agreed to advance funds to the Corporation on certain terms and conditions as set out in the Investment Agreement and Debenture (defined herein) and on the security of this Agreement, and the Corporation has agreed to grant to the Investor a general security agreement to secure due payment of the advances made by the Investor and any other indebtedness and obligations of the Corporation to the Investor under the Debenture or the Security;

THEREFORE, for value received, the Corporation covenants and agrees with the Investor as follows:

1. INTERPRETATION

1.1 Agreement Definitions

In this Agreement, unless otherwise specifically defined below or herein, all capitalized terms used herein shall have the meanings specified in the Debenture:

- (a) "**Account Debtor**" has the meaning assigned in subsection 2.4;
- (b) "**Accounts**" has the meaning assigned in subparagraph 2.1(a)(i);
- (c) "**Act**" means *The Business Corporations Act* (Saskatchewan) as amended from time to time;
- (d) "**Affiliate**" shall have the meaning as described in the Debenture;
- (e) "**Associate**" shall have the meaning as described in the Debenture;
- (f) "**Board**" means the board of directors of the Corporation;
- (g) "**Business Day**" means a day other than a Saturday, Sunday or any other date treated as a statutory holiday in Humboldt, Saskatchewan and in the event that any date upon which any action is to be taken hereunder is not a business day then such action will be taken on the next succeeding day which is a business day;
- (h) "**Change of Control**" shall have the meaning as described in the Debenture;

- (i) **"Collateral"** means the property described in subsection 2.1;
- (j) **"Debenture"** means the Subordinated Debenture issued by the Corporation to the Investor dated concurrently herewith, and any amendments hereto;
- (k) **"Environmental Laws"** means all applicable federal, provincial, municipal or local laws, statutes, regulations or ordinances relating to the protection of the environment;
- (l) **"Environmental Order"** means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made in writing by any governmental authority in connection with Environmental Laws which requires action enforceable by law;
- (m) **"Equipment"** has the meaning assigned in subparagraph 2.1(a)(ii);
- (n) **"Event of Default"** means an event described in subsection 6.1;
- (o) **"Guarantors"** means Drycast Systems Inc. and Big Sky Management Consulting Corp. and each other Affiliate of the Corporation which from time to time hereafter is required to furnish a guarantee pursuant to subsection 6.1(r) of the Debenture;
- (p) **"Hazardous Substance"** means any substance or combination of substances which is or may become hazardous, toxic, injurious or dangerous to persons, property, air, land, water, flora, fauna or wildlife, and includes but is not limited to any contaminants, pollutants, dangerous substances, liquid waste, industrial wastes, hauled liquid waste, toxic substances, hazardous waste, hazardous materials or hazardous substances as defined in or pursuant to any Environmental Laws or Environmental Orders pursuant thereto;
- (q) **"Inventory"** has the meaning assigned in subparagraph 2.1(a)(iii);
- (r) **"Investment Agreement"** means the Investment Agreement dated as of October 2, 2006 among the Borrower, FCC Ventures, a division of Farm Credit Canada and Golden Opportunities Fund Inc.;
- (s) **"Loan Documents"** shall have the meaning ascribed to it in the Debenture;
- (t) **"Obligations"** has the meaning assigned in Section 3;
- (u) **"PPSA"** means *The Personal Property Security Act* (Saskatchewan) and all regulations thereto, as amended from time to time;
- (v) **"Permitted Encumbrances"** shall have the meaning ascribed to it in the Investment Agreement;
- (w) **"Person"** means an individual, a corporation, a partnership, a trust, an unincorporated organization and any other entity whatsoever;
- (x) **"Receiver"** means a receiver or receiver and manager appointed under subsection 6.7;
- (y) **"Security"** shall have the meaning ascribed to it in the Debenture;

- (z) "Securities" has the meaning ascribed thereto in subparagraph 2.1(d);
- (aa) "Senior Credit Agreement", "Senior Credit Facilities", "Senior Debt", "Senior Lenders" and "Senior Lending Syndicate" shall have the respective meanings as ascribed thereto in the Investment Agreement;
- (bb) "Subsidiary" shall have the meaning ascribed thereto in the Debenture;

1.2 Other Defined Terms

Capitalized terms not defined in this Agreement have the meanings assigned in the Debenture.

1.3 PPSA Definitions

Unless a different meaning is assigned in this Agreement, the following terms have the meanings assigned in the PPSA: accessions, accounts, chattel paper, consumer goods, document of title, equipment, goods, instrument, intangible, inventory, licence, money, proceeds and security.

1.4 Governing Law

This Agreement is governed by the laws of the Province of Saskatchewan and the parties attorn to the non-exclusive jurisdiction of the courts of Saskatchewan for the resolution of all disputes under this Agreement.

1.5 Severability

If any one or more of the provisions contained in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

1.6 Parties In Interest

This Agreement enures to the benefit of and is binding on the parties to this Agreement and their respective successors and permitted assigns.

1.7 Headings and Marginal References

The division of this Agreement into sections, subsections, paragraphs and subparagraphs and the insertion of headings is for convenience of reference only and does not affect the construction or interpretation of this Agreement.

1.8 Currency

All dollar amounts in this Agreement are stated in lawful currency of Canada.

1.9 Accounting Principles

Unless otherwise specified in this Agreement, all accounting terminology and calculations shall be made in accordance with Canadian generally accepted accounting principles, consistently applied.

2. SECURITY INTEREST

2.1 Security Interest

As security for the payment and performance of the Obligations of the Corporation, the Corporation:

- (a) mortgages, charges, assigns and transfers to the Investor, and grants to the Investor a continuing security interest in, and the Investor takes the security interest in, all of the Corporation's present and after acquired personal property and all proceeds thereof (except the property of the Corporation described in subsection 2.2) of every nature and kind and wherever situate, including, without limitation:
 - (i) all debts, accounts, claims, monies and choses in action which now are, or which may at any time hereafter be due or owing to the Corporation or in which the Corporation acquires rights, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (collectively, the "Accounts");
 - (ii) all present and future equipment now or hereafter owned by the Corporation or in which the Corporation acquires rights, including all machinery, electronic equipment, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions or accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (collectively, the "Equipment");
 - (iii) all present and future inventory of whatever kind now or hereafter owned by the Corporation or in which the Corporation acquires rights, including all raw materials, materials used or consumed in the business or profession of the Corporation, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Corporation, whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (collectively, the "Inventory");
 - (iv) all chattel paper, documents of title, instruments, securities and money now or hereafter owned by the Corporation or in which the Corporation acquires rights;
 - (v) all intangible property of the Corporation (save and except for Accounts) now or hereafter owned by the Corporation, including, without limitation, all contractual rights, licences, goodwill, patents, trademarks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Corporation and all other choses in action of the Corporation of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Corporation or in which the Corporation acquires rights and all other intangible property of the Corporation which is not Accounts, goods, chattel paper, documents of title, instruments, money or securities; and
 - (vi) all the property of the Corporation described in **Schedule "1"**, if any.

- (b) charges as and by way of a floating charge to and in favour of the Investor, and grants to the Investor a security interest in and to:
- (i) all of the Corporation's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures;
 - (ii) all property, assets and undertakings of the Corporation, both present and future, of whatsoever nature or kind and wheresoever situate, and all proceeds thereof, other than such of the property, assets and undertakings of the Corporation as are otherwise validly and effectively subject to the charges and security interests in favour of the Investor created pursuant to subparagraph 2.1(a) or 2.1(c) hereof or are excluded pursuant to subsection 2.2 hereof; and
- (c) mortgages and charges as and by way of a fixed and specific charge to and in favour of the Investor, and assigns and transfers to the Investor and grants to the Investor, by way of mortgage, charge, assignment and transfer, a security interest in all of the right, title and interest, both present and future of the Corporation, in and to all of its presently owned or held and after acquired or held property which:
- (i) is or hereafter becomes a fixture; or
 - (ii) constitutes a licence, quota, permit or other similar right or benefit or crops; and
- (d) pledges and hypothecates to the Investor and grants to the Investor a security interest in: all of the shares owned by the Corporation in the capital of all Guarantors as at the date of this Agreement; all shares in the capital of all Guarantors hereafter issued to the Corporation for any reason; all dividends or distributions declared or made at anytime in respect of any of the shares owned by the Corporation in the capital of all Subsidiaries; all options, warrants or rights issued to or acquired at anytime by the Corporation and all proceeds from the above described property; (collectively the "Securities"), as general and continuing collateral security for the payment, satisfaction or performance of the Obligations. In accordance with the pledge and assignment of the Securities hereunder, but subject to the rights of the Senior Lending Syndicate under the Senior Credit Agreement, the Corporation will deliver or cause to be delivered contemporaneously with the execution and delivery of this Agreement, certificates representing the Securities, attached to powers of attorney and forms of transfer, duly executed in blank. The Corporation hereby appoints the Investor as an irrevocable attorney of the Corporation with full power of substitution from time to time to endorse and/or transfer any of the Securities and to exercise all rights and powers of the Corporation in respect of the Securities and the Investor and its nominees are hereby empowered to exercise all rights and powers and to perform all acts of ownership in respect of the Securities to the same extent as the Corporation might do; provided, however, that such appointment will only be effective upon the occurrence of an event of default under any of the Loan Documents so long as such event of default or default is subsisting. This appointment is coupled with an interest and will not be revoked by the insolvency, bankruptcy, reorganization, arrangement, composition, dissolution, liquidation, winding-up or similar proceeding involving or affecting the Corporation or for any other reason.

Until the occurrence of any default by the Corporation under any of the Loan Documents, the Corporation will be entitled to exercise the voting rights under the Securities and, for that purpose, the Investor will execute and deliver to the Corporation all necessary proxies. Upon the occurrence of any of the foregoing events, whether or not the Securities have been registered in the name of the Investor or its nominee, the Corporation hereby grants the Investor a power of attorney to exercise all voting rights attached to the Securities commencing at the time of such default, and to execute all resolutions, proxies, share certificates, agreements and any other documents or certificates relating to the exercise of such voting rights and the Investor or its nominee will have all other corporate rights and all conversion, exchange, subscription or other rights, privileges, or options pertaining thereto as if it were the absolute owner thereof including, without limitation, the right to exchange any or all of the Securities upon the merger, consolidation, reorganization, recapitalization or other readjustment of all Subsidiaries, or upon the exercise by the Corporation of any right, privilege or option pertaining to any of the Securities, and, in connection therewith, to deliver any of the Securities to any depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it; but neither the Investor nor its nominee will have any duty to exercise any of the aforesaid rights, privileges or options and will not be responsible for any failure to do so or delay in so doing. Except as otherwise agreed by the Investor in writing, any cash dividends or distributions in respect of the Securities that are made payable and received by the Corporation at any time will be received in trust for the Investor and paid forthwith to the Investor to be applied in payment or satisfaction of the Obligations in such order as the Investor may deem fit and any excess so received after the payment and satisfaction in full of the obligations to be paid over to the Corporation.

The property of the Corporation described in subparagraphs (a), (b) (c) and (d) above is collectively referred to in this Agreement as "Collateral".

2.2 Exclusions

The security interests granted herein do not apply or extend to:

- (a) the last day of any term created by any lease, oral or written, or agreement therefor now held or later acquired by the Corporation but the Corporation will stand possessed of the reversion thereby remaining in the Corporation of any leasehold premises in trust for the Investor to assign and dispose of as the Investor or any purchaser of such leasehold premises directs;
- (b) if any lease or other agreement contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor, the application of the security interest created hereby to any such lease or agreement is conditional upon such leave, licence, consent or approval having been obtained and the security interest created hereby will attach to such lease or agreement as soon as such leave, licence, consent or approval is obtained; or
- (c) any consumer goods of the Corporation.

2.3 Attachment

The Corporation acknowledges conclusively that the Corporation and the Investor intend the charges and security interests on the Collateral to attach immediately upon the execution of this Agreement, and in the case of Collateral in which the Corporation subsequently acquires rights contemporaneously with the Corporation acquiring rights therein. The Corporation acknowledges conclusively that value has been given.

2.4 Notification

After the occurrence of an Event of Default, the Investor may notify any debtor of the Corporation on an intangible, chattel paper or Account, or any obligor on an instrument (an "Account Debtor") to make all payments on Collateral to the Investor and the Corporation acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Corporation from any Account Debtor, whether before or after notification to such Account Debtor and whether before or after default under this Agreement shall, subject to the rights of holders of prior ranking interests in such proceeds, be received and held by the Corporation in trust for the Investor and shall be turned over to the Investor upon request and the Corporation shall not commingle any proceeds of or payments on the Collateral, with any of the Corporation's funds or property, but will hold them separate and apart.

2.5 Purchase Money Security Interests

The security interests created hereby shall constitute purchase money security interests to the extent that any of the Obligations are monies advanced by the Investor to the Corporation for the purpose of enabling the Corporation to purchase or acquire rights in any of the Collateral and were so used by the Corporation and a certificate of an officer of the Investor as to the extent that the Obligations are monies so advanced and used shall be *prima facie* proof of the purchase money security interests constituted hereby.

3. OBLIGATIONS

The charges and security interests created by this Agreement secure the due and punctual payment of all indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, extended or reviewed, matured or not, of the Corporation to the Investor or any of them, including without limitation, under or in any way connected with, arising out of or contemplated by any of the Loan Documents, and all costs of realization, legal or other costs, charges and expenses from time to time owing by the Corporation to the Investor (the "Obligations").

4. REPRESENTATIONS AND WARRANTIES OF THE BORROWER

4.1 Representations and Warranties

The Corporation represents and warrants to the Investor that:

- (a) the Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of Saskatchewan;
- (b) the Corporation has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver this Agreement;
- (c) the Corporation has taken all necessary corporate proceedings to authorize the execution and delivery of this Agreement;

- (d) the Corporation will not, by entering into this Agreement, contravene any statute, the articles or other constating documents of the Corporation or any agreement by which it is bound;
- (e) there are no actions or proceedings pending or, to the knowledge of the Corporation, threatened, which challenge the validity of this Agreement or, except as previously disclosed in writing to the Investor, or which would materially adversely affect the ability of the Corporation to perform its obligations under this Agreement or any document evidencing any indebtedness of the Corporation to the Investor;
- (f) the Corporation owns and possesses all Collateral held at present and has good title thereto, free from all security interests, charges, encumbrances, liens and claims, save and except for the Permitted Encumbrances;
- (g) the Corporation has the right and authority to create the security interests created in this Agreement;
- (h) the only locations of Collateral (other than Inventory in transit) and the only places the Corporation carries on business or proposes to carry on business are described in Schedule "D" to the Debenture;
- (i) at the date of this Agreement, there is no Event of Default and no circumstance which, with the giving of notice or lapse of time would become an Event of Default;
- (j) the Corporation's chief executive office is at the location specified in Schedule "D" to the Debenture;
- (k) all of the "serial numbered goods" (as defined in the Regulations to *The Personal Property Security Act* (Saskatchewan)), other than inventory to be sold or leased, in which the Corporation has rights, are described in Schedule "2"; and
- (l) the Corporation has all licences, permits, approvals and authorities necessary to conduct business as it is now carried on in all jurisdictions as such business is now carried on.

4.2 Reliance and Survival

All representations and warranties of the Corporation made herein or in any certificate or other document delivered by or on behalf of the Corporation for the benefit of the Investor are material, will survive the execution and delivery of this Agreement and will continue in full force and effect without time limit. The Investor shall be deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Investor at any time.

5. BORROWER'S COVENANTS

5.1 Positive Covenants

The Corporation covenants and agrees with the Investor that, during the term of this Agreement, it will:

- (a) execute and deliver all such documents and pay such fees and taxes and take such other actions as may be necessary to attach, continue, preserve, perfect and protect the security interests created in this Agreement, and the Corporation irrevocably appoints the Investor

as its attorneys-in-fact to execute, deliver, file and record any such documents for the Investor and in its name and stead;

- (b) keep the Collateral in a good state of repair and operating condition in accordance with its nature and description;
- (c) defend the Collateral against all claims and demands of all Persons claiming the Collateral or interest in the Collateral;
- (d) on reasonable notice to the Corporation, permit the Investor to inspect the Collateral at any time the office at which the Collateral is located is open for business;
- (e) at all times maintain its corporate existence;
- (f) provide the Investor with written notice of its intention to move any material amount of the Collateral to another location, before the Collateral is moved, except when the Collateral is moved in the ordinary course of the Corporation's business;
- (g) upon demand by the Investor, furnish in writing to the Investor all information reasonably requested concerning the Collateral and that it will promptly advise the Investor of the serial number, year, make and model of each serial numbered good, other than inventory to be sold or leased, as determined by the Corporation, acting reasonably, at any time included in the Collateral;
- (h) promptly pay or remit all amounts which, if left unpaid or unremitted, might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Agreement other than Permitted Encumbrances;
- (i) do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Investor may reasonably require for the better assuring, charging, assigning and conferring to the Investor the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Agreement;
- (j) if the Investor advance money to the Corporation for the purpose of enabling the Corporation to purchase or acquire rights in any Collateral, the Corporation shall use such money only for that purpose and will promptly provide the Investor with evidence that such money was so applied upon the Investor's request;
- (k) if the Collateral of the Corporation at any time includes a security, the Corporation shall, if required by the Investor, transfer the security into the name of the Investor or the Investor's nominee and, until an Event of Default, the Investor will provide the Corporation with all notices and other communications received by it or its nominee as registered owner of such security and will appoint, or cause its nominee to appoint, the Corporation as proxy to vote with respect to the security;
- (l) repair and keep in repair and good order and condition all buildings, machinery and other plant and equipment and appurtenances thereto, the use of which is necessary or advantageous in connection with its business up to a modern standard of usage; and will at all reasonable times allow the Investor or its representatives access to its premises in order to view the state and condition of its assets;

- (m) notify the Investor promptly of:
 - (i) any change in the information contained herein relating to the Corporation, its address, its business or the Collateral;
 - (ii) the details of any material acquisition of Collateral;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any Account Debtor in payment or other performance of his obligations to the Corporation with respect to any Accounts; and
 - (v) the return to or repossession by the Corporation of the Collateral where such return or repossession of the Collateral is material in relation to the business of the Corporation;
- (n) promptly notify the Investor if the Corporation's chief executive office is moved;
- (o) conduct its business and maintain the Collateral without causing a nuisance to any third party and in compliance in all material respects with all Environmental Laws and Environmental Orders;
- (p) operate its business in a proper and efficient manner as to preserve and protect the Collateral and the earnings and profits of the business;
- (q) promptly notify the Investor if it:
 - (i) receives notice in writing from any governmental authority of any violation or potential violation of any Environmental Laws or Environmental Orders which may have occurred or been committed or is about to occur or be committed;
 - (ii) receives notice in writing that any administrative or judicial complaint or order has been issued or filed or is about to be issued or filed against any of the Corporation or its representatives alleging violations of any Environmental Laws or Environmental Orders or requiring the taking of any action in connection with any Hazardous Substance;
 - (iii) learns of the enactment of any Environmental Laws or the issuance of any Environmental Orders which may have a material adverse effect on the Collateral or the operations or the condition, financial or otherwise, of the Corporation; or
 - (iv) knows of or suspects that any Hazardous Substance has been brought onto any part of the Corporation's premises, except in compliance with all applicable Environmental Laws, or in any way comes into contact with or poses a threat to the Collateral; and
- (r) if the Corporation proposes to acquire additional assets or a business through a subsidiary, provide to the Investor security over such assets or business, including a pledge of the shares of the subsidiary and a continuing unlimited guarantee of the subsidiary supported by a general security agreement.

5.2 Negative Covenants

The Corporation covenants and agrees with the Investor that, during the term of this Agreement, it will not, without the prior written consent of the Investor:

- (a) except in the ordinary course of business permit the Collateral to become subject to any mortgage, charge, encumbrance or security interest other than Permitted Encumbrances and the security for the Senior Debt;
- (b) sell, lease or otherwise dispose of the Collateral or any part or parts of the Collateral, except as permitted by subsection 5.3;
- (c) continue its corporate existence from Saskatchewan to another jurisdiction;
- (d) except in the ordinary course of business, release, surrender or abandon the Collateral or any part or parts thereof;
- (e) except in the ordinary course of business move any material amount of the Collateral (other than inventory for resale or lease) from its present location or locations (and will promptly advise the Investor of the new location or locations);
- (f) permit any of the Collateral to become an accession to any property other than other Collateral;
- (g) change the designation of the Investor as loss payee on the insurance of the Corporation on its physical assets; or
- (h) enter into a contract or transaction with any party that is not acting at arm's length with the Corporation or any Affiliates or Associates of the Corporation.

5.3 Sale of Collateral

Until an Event of Default has occurred and the Investor has determined to enforce the security interests hereby created, the Corporation may sell or lease the Collateral only in the ordinary course of business and on commercially reasonable terms.

5.4 Performance by Investor

If the Corporation defaults in the performance of any covenant hereunder, the Investor may perform any covenant of the Corporation capable of being performed by the Investor and if the Investor is put to any costs, charges, expenses or outlays to perform any such covenant, the Corporation will indemnify the Investor for such costs, charges, expenses or outlays and such costs, charges expenses or outlays (including solicitors' fees and charges incurred by the Investor on a "special costs" basis) will be payable forthwith by the Corporation to the Investor, shall bear interest at the highest rate borne by any of the other Obligations and shall, together with such interest, form part of the Obligations secured by this Agreement.

5.5 Costs of Enforcement

In any judicial proceedings taken to cancel this Agreement or to enforce this Agreement and the covenants of the Corporation hereunder, the Investor shall be entitled to costs on a "special costs" basis.

Any costs so recovered shall be credited against any solicitors' fees and charges paid or incurred by the Investor relating to the matters in respect of which the costs were awarded and which have been added to the monies secured hereunder pursuant to subsection 5.4.

6. DEFAULT AND ENFORCEMENT

6.1 Events of Default

An event of default under this Agreement (an "Event of Default") shall be any Event of Default as defined in the Debenture.

6.2 Acceleration

If an Event of Default occurs, the entire unpaid balance of the Obligations will be accelerated and become immediately due and payable at the option of the Investor.

6.3 Security Interests Enforceable

The occurrence of an Event of Default will cause the security interests created by this Agreement to become enforceable without the need for any action or notice on the part of the Investor and the Investor will be entitled to exercise such rights and remedies as are provided by the PPSA and all other rights and remedies recognized at law or in equity against the Corporation or in respect of the Collateral for the enforcement of full payment and performance of the Obligations.

6.4 Crystallization

Any floating charge created by this Agreement shall crystallize and become a fixed charge upon:

- (a) the Corporation becoming insolvent or bankrupt or making an assignment or proposal under the applicable bankruptcy or insolvency legislation in favour of its creditors;
- (b) a bankruptcy petition being filed or presented against the Corporation;
- (c) a receiver, receiver-manager, trustee, custodian, liquidator or similar agent being appointed for the Corporation or for any material part of the Corporation's property;
- (d) the Corporation failing to pay the Obligations when due; or
- (e) the Investor, while an Event of Default is continuing, notifying the Corporation in writing that the floating charge created by this Agreement has crystallized and become a fixed charge.

6.5 Remedies of Investor

If the security interests created by this Agreement become enforceable, then in addition to any other rights or remedies available to the Investor, the Investor may enforce its rights by any one or more of the following remedies:

- (a) by taking possession of the Collateral or any part of it and collecting demanding, suing, enforcing, recovering, receiving and getting in the Collateral;
- (b) by selling or leasing the Collateral, whether or not it has taken possession of it;

- (c) by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver-manager of all or any part of the Collateral;
- (d) by proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- (e) by filing of proofs of claim and other documents to establish its claim in any proceeding or proceedings relating to the Corporation;
- (f) by appointment by instrument in writing of a receiver or receiver-manager of all or any part of the Collateral;
- (g) by retaining any of the Collateral in satisfaction of all or part of the Obligations; and
- (h) by any other remedy or proceeding authorized or permitted by this Agreement or any other Loan Document or by law or equity.

6.6 Power of Sale

The provisions of subparagraph 6.7(g) will apply, *mutatis mutandis*, to a sale or lease of any of the Collateral by the Investor pursuant to subparagraph 6.5(b).

6.7 Receiver or Receiver-Manager

Any time after the security interests hereby created have become enforceable, the Investor may, from time to time, appoint in writing any qualified person (including an officer or employee of a Investor) to be a receiver or receiver-manager (the "Receiver") of the Collateral and may likewise remove any such person so appointed and appoint another qualified person in his stead. Any such Receiver appointed hereunder shall have the following powers:

- (a) to take possession of the Collateral or any part thereof, and to collect and get in the same and for that purpose to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Corporation, or otherwise, as the Receiver deems necessary;
- (b) to carry on or concur in carrying on the business of the Corporation (including, without limitation, the payment of the obligations of the Corporation whether or not they are due and the cancellation or amendment of any contracts between the Corporation or any other Person) and the employment and discharge of such agents, managers, clerks, accountants, employees, contractors, agents, workers and others upon such terms and with such salaries, wages or remuneration as the Receiver thinks proper;
- (c) to repair and keep in repair the Collateral or any part or parts thereof and to do all necessary acts and things for the protection of the Collateral;
- (d) to make any arrangement or compromise which he thinks expedient in the interest of the Investor or the Corporation and to assent to any modification or change in or omission from the provisions of this Agreement;

- (e) to exchange any part or parts of the Collateral for any other property suitable for the purposes of the Corporation upon such terms as may seem expedient and either with or without payment or exchange of money or equality of exchange or otherwise;
- (f) to raise on the security of the Collateral or any part or parts thereof, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection thereof, or any other purposes herein mentioned, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part thereof, which would or might have priority over the security interests hereby created;
- (g) whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part or parts thereof after giving the Corporation not less than 20 days written notice of his intention to sell or lease and to carry any such sale or lease into effect by conveying, transferring, leasing or assigning in the name of or on behalf of the Corporation or otherwise; and any such sale or lease may be made either at public auction or privately as the Receiver determines and any such sale or lease may be made from time to time as to the whole or any part or parts of the Collateral; and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver deems proper; and the Receiver may buy in or rescind or vary any contract for the sale or lease of any of the Collateral or any part or parts thereof, and may resell and release without being answerable for any loss occasioned thereby; and the Receiver may sell or lease any of the same as to cash or part cash and part credit or otherwise (including by deferred payment arrangement) as appears to be most advantageous and at such prices as can be reasonably obtained therefor and in the event of a sale or lease on credit neither he nor the Investor shall be accountable or charged with any monies until actually received.

6.8 Liability of Receiver

The Receiver appointed and exercising powers under the provisions hereof will not be liable for any loss, and the Receiver will, when so appointed, be deemed to be the agent of the Corporation and the Corporation will be solely responsible for the Receiver's acts and defaults and for the Receiver's remuneration.

6.9 Effect of Appointment of Receiver

As soon as the Investor take possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Corporation with respect to the Collateral cease, unless specifically continued by the written consent of the Investor or the Receiver.

6.10 Validity of Sale or Lease

No purchaser at any sale and no lessee under any lease purporting to be made in pursuance of the power set forth in subparagraphs 6.5(b) and 6.7(g) will be bound to see or inquire whether any default has been made or continues or whether any notice required hereunder has been given or as to the necessity or expediency of the stipulations subject to which sale or lease have been made or otherwise as to the propriety of such sale or lease, or regularity of proceedings or be affected by notice that such default has been made or continues or notice given as aforesaid, or that the sale or lease is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser or lessee the sale or lease as regards such purchaser or lessee will be deemed to be within the

aforesaid power and be valid accordingly and the remedy, if any, of the Corporation in respect of any impropriety or irregularity whatsoever in any such sale or lease will be in damages only.

6.11 Proceeds of Disposition

All monies received by the Investor or any Receiver will be applied as follows:

- (a) first, to pay and discharge all prior charges affecting the Collateral;
- (b) second, to the costs and expenses incurred in connection with a realization against the Collateral, and the costs of sale or lease and taking possession, including the remuneration of the Receiver, if applicable;
- (c) third, to pay all amounts required to keep in good standing all liens and charges on the Collateral prior to the security interests hereby created;
- (d) fourth, to pay any principal, interest and other monies due and payable under the Loan Documents and under this Agreement, in such order as the Investor may direct; and
- (e) finally, the balance, if any, to the Corporation.

6.12 No Set-Off

The Obligations will be paid by the Corporation without regard to any equities between the Corporation and the Investor or any right of set-off, combination of accounts or cross-claim. Any indebtedness owing by the Investor to the Corporation may be set off or applied against, or combined with, the Obligations by the Investor at any time, either before or after maturity, without demand on, or notice to, anyone.

6.13 Deficiency

If the proceeds of a sale of the Collateral by the Investor under subsection 6.5 or by a Receiver under subsection 6.7 are insufficient to fully pay the Obligations, the Corporation will at all times remain liable for the payment of such deficiency and will forthwith pay to the Investor the deficiency.

6.14 Waiver

The Investor may waive any breach by the Corporation of any of the provisions of this Agreement or any Event of Default, but no such waiver will extend to or affect any subsequent breach or Event of Default under this Agreement.

7. ASSIGNMENT

7.1 Assignment by Corporation

This Agreement may not be assigned by the Corporation without the prior written consent of the Investor.

7.2 Assignment by Investor

Subject to the terms of the Debenture, the Investor may, without notice to the Corporation, at any time assign, transfer or grant a security interest in this Agreement and the security interests hereby granted to any Person. The Corporation expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Investor's rights and remedies under this Agreement and the Corporation will

not assert any defence, counterclaim, right of set-off or otherwise any claim which the Corporation now has or hereafter acquires against the Investor in any action commenced by any such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

8. INSURANCE

8.1 Investor may Insure

If the Corporation fails to purchase or maintain the Insurance, the Investor may, but will not be required to, purchase the Insurance and the Corporation agrees to pay the cost of the Insurance to the Investor on demand. The Investor may, at its election, accept all or part of any proceeds from such insurance and thereby reduce the Obligations, but otherwise will forward such proceeds to the Corporation.

9. AMENDMENT

9.1 Amendments Generally

No amendment to this Agreement will be effective unless it is in writing and signed by each of the parties to this Agreement or their permitted assigns.

10. NOTICE

A notice or any other communication to be given in connection with this Agreement shall, except as otherwise permitted hereunder, be in writing personally delivered to the addresses of the parties as set forth in the Debenture.

Any notice given by personal service shall be deemed to have been given and received on the date of such service. Any notice given by facsimile shall be deemed to have been given to and received by addressee on the Business Day transmitted during normal business hours or the next Business Day if outside normal business hours, provided in either case receipt is confirmed by answer back to the transmitting party. Any party may from time to time change its address or facsimile number for notice by giving notice to the other party hereto.

11. GENERAL

11.1 No Automatic Discharge

This Agreement will not be or be deemed to have been discharged by reason only of the Corporation ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Investor.

11.2 Discharge

If at any time there are no Obligations then in existence and neither the Corporation nor the Guarantors is in default of any of the terms of this Agreement or any of the other Loan Documents and no guarantor is in default of any of the terms of any guarantee granted to it by the Investor or the Security, then, at the request and at the expense of the Corporation and upon payment by the Corporation to the Investor of the Investor's reasonable discharge fee for discharging a security agreement, the Investor shall cancel and discharge this Agreement and the security interests herein granted and the Investor shall execute and deliver to the Corporation all such documents as are required to effect such discharge.

11.3 No Obligation to Advance

The Corporation acknowledges and agrees that none of the preparation, execution or registration of notice of this Agreement shall bind the Investor to advance the monies hereby secured.

11.4 Security Additional

The Corporation agrees that the mortgages, charges and security interests created by this Agreement are in addition to and not in substitution for any other security now or hereafter held by the Investor.

11.5 Realization

The Corporation acknowledges and agrees that the Investor may realize upon various securities securing the Obligations or any part thereof in such order as they may be advised and any such realization by any means upon any security or any part thereof shall not bar realization upon any other security or the security hereby constituted or parts thereof.

11.6 No Merger

This Agreement will not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest held or which may hereafter be held by the Investor from the Corporation or from any other Person whomsoever. The taking of a judgement with respect to any of the Obligations will not operate as a merger of any of the covenants contained in this Agreement.

11.7 Extensions

The Investor 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 Corporation, Account Debtors, sureties and others and with the Collateral and other security interests as the Investor may see fit without prejudice to the liability of the Corporation or the Investor's right to hold and realize on the security constituted by this Agreement.

11.8 Provisions Reasonable

The Corporation acknowledges that the provisions of this Agreement and, in particular, those respecting rights, remedies and powers of the Investor or any Receiver against the Corporation, its business and any Collateral are commercially reasonable.

11.9 Appropriation of Payments

Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Agreement) may be applied to such part or parts of the Obligations as the Investor may see fit and the Investor may at all times and from time to time change any appropriation as the Investor may see fit.

11.10 No Representations

The Corporation acknowledges and agrees that the Investor has made no representations or warranties other than those contained in this Agreement.

11.11 Use of Collateral by Corporation

Save as provided in subsection 5.3, until an Event of Default occurs, the Corporation will be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.

11.12 Disclosure of Information

The Corporation hereby consents to the Investor, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Corporation, this Agreement, the Collateral and the Obligations to any Person the Investor believes is entitled to such information and the Corporation acknowledges and agrees that the Investor may charge and retain a fee and its costs incurred in providing such information.

11.13 Statutory Waivers

To the fullest extent permitted by law, the Corporation waives all of the rights, benefits and protections given by the provision of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. The Corporation covenants and agrees with the Investor that:

- (a) The Limitation of *Civil Rights Act* (Saskatchewan) shall have no application to:
 - (i) this Agreement;
 - (ii) any mortgage, charge, or other security for the payment of money made, given or created by this Agreement;
 - (iii) any agreement or instrument renewing or extending the collateral to this Agreement or renewing or extending the collateral to any mortgage, charge or other security referred to or mentioned in section 11.13(a)(ii); or
 - (iv) the rights, powers or remedies of the Investor under this Agreement or under any mortgage, charge, or other security referred to or mentioned in 11.13(a)(iii);
- (b) The provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall have no application to the within Agreement or to indenture, instrument or agreement entered into by the Corporation at anytime hereafter, supplemental or ancillary to or in implementation of the within Agreement and all of the benefits of the said Part IV of the *Saskatchewan Farm Security Act* are hereby waived by the Corporation.

11.14 Copy of Agreement and Financing Statement

The Corporation acknowledges receiving a copy of this Agreement and waives all rights to receive from the Investor a copy of any financing statement, financing change statement or verification statement filed, issued, or obtained at any time in respect of this Agreement.

11.15 PPSA Shall Govern

Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies of the Investor herein provided, which (i) have not been waived or varied by the Corporation herein whether expressly or by implication, or (ii) have been waived or varied herein, but are, by the provisions of the PPSA, incapable of waiver or variance by the Corporation, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision or provisions herein.

12. ENTIRE AGREEMENT

This Agreement and the Loan Documents constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior negotiations, undertakings, representations and understandings between such parties.

13. TIME

Time is of the essence of this Agreement.

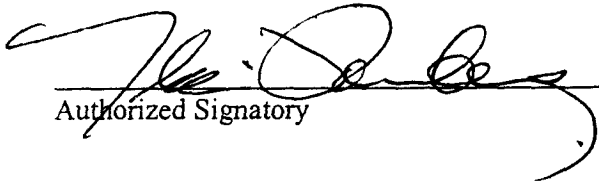
14. AMALGAMATION BY BORROWER

The Corporation hereby acknowledges and agrees that, in the event it amalgamates or otherwise merges with any other corporation or corporations, it is the intention of the parties hereto that the term Corporation, when used herein, shall apply to each of the amalgamating or merging corporations and to the amalgamated or merged corporation, such that the charges and security interests granted hereby:

- (a) shall extend to Collateral owned by each of the amalgamating or merging corporations and the amalgamated or merged corporation at the time of amalgamation or merger and to any Collateral thereafter owned or acquired by the amalgamated or merged corporation;
- (b) shall secure the Obligations of each of the amalgamating or merging corporations and the amalgamated or merged corporation to the Investor at the time of amalgamation or merger and any Obligations of the amalgamated or merged corporation to the Investor arising after the amalgamation or merger; and
- (c) shall attach to Collateral owned by each corporation amalgamating or merging with the Corporation, and by the amalgamated or merged corporation, at the time of amalgamation, and shall attach to any Collateral thereafter owned or acquired by the amalgamated or merged corporation when such becomes owned or is acquired.

IN WITNESS of this Agreement, the Corporation has signed, sealed and delivered this Agreement as of the date first written above.

BIG SKY FARMS INC.


Authorized Signatory

SCHEDULE "1"
to the General Security Agreement between
FCC Ventures, a Division of Farm Credit Canada and Big Sky Farms Inc.

SPECIFIC COLLATERAL

All of the issued and outstanding shares held by the Corporation in the capital of each of:

1. Drycast Systems Inc.;
2. Big Sky Management Consulting Corp.; and
3. any other Guarantor from time to time.

SCHEDULE "2"
to the General Security Agreement between
FCC Ventures, a Division of Farm Credit Canada and Big Sky Farms Inc.

SERIAL NUMBERED GOODS