THIS IS EXHIBIT "9" referred to in the Affidavit of Canute Tasseth
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 ________

SUBORDINATED DEBENTURE

BIG SKY FARMS INC.

$1,500,000.00

ARTICLE 1 - PROMISE TO PAY

1.1 **BIG SKY FARMS INC.**, a corporation incorporated under the laws of the Province of Saskatchewan (the "Corporation") for value received hereby promises **GOLDEN OPPORTUNITIES FUND INC.** (the "Investor"), that it will repay the Outstanding Principal Obligations to the Investor and interest thereon, in accordance with the terms hereof.

ARTICLE 2 - DEFINITIONS AND INTERPRETATION

2.1 **Definitions**

As used in this Debenture, the following terms shall have the following respective meanings:

(a) **"Additional Interest"** and **"Additional Interest Rate"** have the respective meanings attributed thereto in subsection 3.2(c);

(b) **"Affiliate"** means Drycast Systems Inc. and Big Sky Management Consulting Corp., and any other present or future direct or indirect Subsidiary of the Corporation and **"Affiliates"** means all of the Affiliates of the Corporation from time to time

(c) **"Associate"** has the meaning ascribed to it in section 2(1)(d) of the BCA;

(d) **"BCA"** means *The Business Corporations Act* (Saskatchewan), as amended from time to time;

(e) **"BIA"** means the *Bankruptcy and Insolvency Act* (Canada), as amended from time to time;

(f) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday or any day on which banks are generally not open for business in the place where the registered office of the Corporation is located;

(g) **"Change of Control"** in respect of the Corporation or any Affiliate means, the acquisition by any person or group of persons "acting jointly or in concert" within the meaning of *The Securities Act, 1988* (Saskatchewan) other than a current shareholder of the Corporation as set out in the Investment Agreement, of a number of voting shares which, when added to the number of voting shares then beneficially held by that person or group, or over which that person or group exercises control or direction, would constitute a majority of the issued and outstanding voting shares at the time of acquisition;

(h) **"Chief Executive Office"** shall mean the location specified in Part A of **Schedule "D"**, or such other place in Saskatchewan as may from time to time be designated by the Corporation;

(i) **"Collateral"** has the meaning attributed thereto in Section 7.1;

(j) **"Closing Date"** means the date on which the Investor acquires Common Shares which, in any event, shall be on or before [**October 16**], 2006 unless otherwise agreed to by the Corporation and the Investor;

(k) **"Common Shares"** means common shares in the capital of the Corporation;

(l) **"Confidential Information"** means any and all data or information that is of value to the Corporation, and is not generally known in the industry or to competitors of the Corporation or the Affiliates, and includes specifications, documents, correspondence, research, software, trade secrets, discoveries, ideas, know-how, designs, drawings, flow charts, data, computer programs, product information, technical information, formulae, recipes and all information concerning the operations, affairs and businesses of the Corporation and the Affiliates, the financial affairs of the Corporation and the Affiliates and the relations of the Corporation and the Affiliates with their customers, employees, suppliers and service providers (including customer lists, customer information, account information, consumer markets, sales figures and marketing plans), and any such information of the Corporation or the Affiliates, whether disclosed to the Investor directly, in oral, tangible or material form, or indirectly, by permitting the Investor to observe the conduct of the Corporation's business, operations or processes;

(m) **"Debenture"** or **"Golden Debenture"** means this Debenture, as supplemented or amended by any agreement supplemental or ancillary hereto; and the expressions "Section", "Subsection" and "Appendix" followed by a number mean and refer to the specified Section, Subsection or Appendix of this Debenture, respectively;

(n) **"Debenture Holders"** means FCC Ventures, a division of Farm Credit Canada and Golden Opportunities Fund Inc.;

(o) **"Debt"** of any Person means, without duplication:

(i) all indebtedness of such Person for or in respect of borrowed money, credit or other financial accommodation, including liabilities and obligations with respect to letters of credit, letters of guarantee, bankers' acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of such Person;

(ii) all indebtedness of such Person for or in respect of the purchase or acquisition price of property or services, whether or not recourse is limited to the repossession and sale of any such property;

(iii) all obligations under any lease entered into by such Person as lessee which would be classified as a capital lease in accordance with GAAP;

(iv) all obligations of such Person to purchase, redeem, retract or otherwise acquire any securities issued by such Person; and

(v) all Debt (as hereinbefore defined) or any other debt which is directly or indirectly guaranteed by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which such Person has otherwise assured a creditor against loss;

provided, however, that indebtedness incurred by the Corporation or Affiliates on account of the supply of goods and services in the ordinary course of business shall be excluded from the calculation of Debt of the Corporation or Affiliates so long as such indebtedness is paid or otherwise satisfied within customary credit terms normally established from time to time by the Corporation or Affiliates with their respective suppliers;

(p) **"Default"** means any event which with the giving of notice, the passage of time or both would constitute an Event of Default;

(q) **"Draw Down Date"** shall have the meaning ascribed thereto in Section 3.1 hereof;

(r) **"Employee Plans"** means all oral or written plans, arrangements, agreements, programs, policies, practices or undertakings with respect to some or all of the current or former directors, officers, employees, independent contractors or agents of the Corporation or any Subsidiary which provide for or relate to:

(i) bonus, profit sharing or deferred profit sharing, performance compensation, deferred or incentive compensation, share compensation, share purchase or share option purchase, share appreciation rights, phantom stock, vacation or vacation pay, sick pay, employee loans, or any other compensation in addition to salary ("Incentive Plans");

(ii) retirement or retirement savings, including, without limitation, registered or unregistered pension plans, pensions, supplemental pensions, registered retirement savings plans and retirement compensation arrangements ("Pension Plans"); or

(iii) insured or self-insured benefits for or relating to income continuation or other benefits during absence from work (including short term disability, long term disability and workers compensation), hospitalization, health, welfare, legal costs or expenses, medical or dental treatments or expenses, life insurance, accident, death or survivor's benefits, supplementary employment insurance, day care, tuition or professional commitments or expenses or similar employment benefits ("Benefit Plans");

(s) **"Encumbrance"** means any mortgage, charge, hypothec, pledge, security interest, encumbrance, lien or deposit arrangement or any other arrangement or condition that in substance secures the payment of any indebtedness or liability or the observance or performance of any obligation, regardless of form and whether consensual or arising from law, statutory or otherwise;

(t) **"Event of Default"** means any of the events specified in Section 8.1 hereof;

(u) **"FCCV" means FCC Ventures, a division of Farm Credit Canada or its successors or assigns;**

(v) **"FCCV Debenture"** means the Subordinated Debenture granted by the Corporation to FCCV dated concurrently herewith in the principal amount of $1,500,000, having substantially the same terms and conditions as this Debenture;

(w) **"FCCV Security"** means all guarantees, security agreements, assignments, certificates, documents or agreements which the Corporation or any Affiliate grants to FCCV to charge the property or assets of any of them in each of the jurisdictions in which the Corporation or any of its Affiliates carries on business, as security for the FCCV Debenture including, without limitation, all security enumerated in Schedule "A" hereto;

(x) **"GAAP"** means, at any time, generally accepted accounting principles in Canada, applied on a consistent basis, and statements and interpretations (if applicable) issued by the Canadian Institute of Chartered Accountants or any successor body in effect from time to time;

(y) **"Indemnified Parties"** has the meaning ascribed to it in Section 10.1 hereof;

(z) **"Intellectual Property Rights"** means all intellectual property rights in the United States of America, Canada, or abroad, including but not limited to, patents, patent applications, trademarks, trademark applications and registrations, service marks, service mark applications and registrations, trade names, trade name applications and registrations, moral rights, copyrights, copyright applications and registrations, licenses, logos, corporate and partnership names and customer lists, proprietary processes, formulae, inventions, trade secrets, know-how, development tools and other proprietary rights used or owned by the Corporation or the Affiliates pertaining to any product or service manufactured, marketed, licensed, sublicensed, used or sold by the Corporation or its Affiliates in the conduct of its business;

(aa) **"Interest Rate"** means twelve and one-half percent (12.5%) per annum;

(bb) **"Interest Payment Date"** has the meaning ascribed to it in Subsection 3.2(b) hereof;

(cc) **"Investment Agreement"** means the Investment Agreement dated as of October 2, 2006 among the Corporation and the Debenture Holders as such may be amended, restated or replaced from time to time;

(dd) **"Issuer Bid"** shall have the meaning ascribed thereto in the Investment Agreement;

(ee) **"ITA"** means the *Income Tax Act* (Canada), as amended from time to time;

(ff) **"Lease"** means a lease of real or personal property under which the Corporation or any Affiliate is now or at any time hereafter a tenant or lessee, as amended, renewed or replaced from time to time as described in the Investment Agreement;

(gg) **"Leased Premises"** means all real and immovable property then leased pursuant to the Leases, or in respect of which a right or license to occupy is then held by the Corporation or any Affiliate;

(hh) **"Loan"** means the term loan in the principal amount of One Million Five Hundred Thousand Dollars ($1,500,000) to be advanced by the Investor to the Corporation pursuant to the terms hereof;

(ii) **"Loan Documents"** means this Debenture, the Investment Agreement, the Security, the Shareholders Agreement, the Subscription Agreement, and all other documents, instruments and agreements to be executed and delivered to the Debenture Holders by or on behalf of or in respect of the Corporation or the Affiliates hereunder, all as may be amended from time to time, including, without limitation, such subordination or priorities agreements with the other creditors of the Corporation having Permitted Encumbrances as the Investor may reasonably require;

(jj) **"Material Contract"** means any contract, agreement or commitment made in the ordinary course of business of the Corporation or any Affiliate:

(i) to which is attached obligations on the part of, or has an economic value to, the Corporation or any Affiliate in excess of $500,000 per annum; or

(ii) to which the Corporation or any Affiliate is a party that, if terminated, would materially impair the ability of the Corporation or any Affiliate to carry on business in the ordinary course or would have a material adverse effect on the financial condition or business prospects of the Corporation and its Affiliates as a whole;

(kk) **"Maturity Date"** means the sixth anniversary of the Closing Date;

(ll) **"Obligations"** shall have the meaning as described in Section 7.1 hereof;

(mm) **"Official Body"** means any government or political subdivision or any agency, authority, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator;

(nn) **"Outstanding Principal Obligations"** means, at any time, the principal amount of the Loan advanced to the Corporation less any and all repayments of principal made by the Corporation to the Investor in accordance with the provisions of this Debenture;

(oo) **"Pari Passu Agreement"** means the Inter-Creditor Agreement dated concurrently herewith among the Corporation and its Affiliates and the Debenture Holders;

(pp) **"Pari Passu Debentures"** means this Debenture and the FCCV Debenture;

(qq) **"Permitted Encumbrances"** shall have the meaning as ascribed to it in the Investment Agreement;

(rr) **"Person"** means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture or other entity, or an Official Body;

(ss) **"Prepayment Amount"** shall have the meaning as ascribed thereto in Section 3.4 hereof;

(tt) **"Real Property"** shall have the meaning as ascribed thereto in the Investment Agreement;

(uu) **"Sale of the Corporation"** means the sale to a third party:

(i) by the Corporation of all or substantially all of its assets; or

(ii) by the Corporation of 50% or more (by votes) of the voting shares of any of its Affiliates or Subsidiaries, provided any such sale constitutes all or substantially all of the Corporation's assets;

(vv) **"Security"** means all guarantees, security agreements, assignments, certificates, documents or agreements which the Corporation or any Affiliate grants to the Investor to charge the property or assets of any of them in each of the jurisdictions in which the Corporation or any of its Affiliates carries on business, as security for the Loan and the Obligations of the Corporation hereunder including, without limitation, all security enumerated in **Schedule "A"** hereto;

(ww) **"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;

(xx) **"Shareholders Agreement"** means the agreement among the Debenture Holders, the Corporation and certain of its shareholders, dated concurrently herewith, as amended or restated from time to time;

(yy) **"Subsidiary"** means a subsidiary of the Corporation as "Subsidiary" is defined in Section 2(5) of the BCA and includes any present and future Subsidiaries of the Corporation, and **"Subsidiaries"** means all of the Subsidiaries of the Corporation from time to time;

(zz) **"Taxes"** means any and all taxes, duties, premiums, assessments, levies and other similar charges imposed by any domestic or foreign governmental authority, agency or instrumentality, including without limitation, those levied on, or measured by, or referred to as income, gross receipt, profits, capital, transfer, land transfer, sales, goods and services, use, value added, excise, stamp, withholding, business, property, payroll, employment, health, worker's compensation, social services, education and social security taxes, all surtaxes, all custom duties and import and export taxes and all unemployment insurance, health insurance and Canada, Quebec and other governmental pension plan premiums, together with all interest, penalties, fines or additions to tax imposed in respect thereof;

(aaa) **"Unaudited Statements Date"** shall have the meaning ascribed to it in Subsection 5.1(l) hereof; and

(bbb) **"Work Order"** shall have the meaning specified in Subsection 5.1(h) hereof.

2.2 Computation of Time Period

In this Debenture, in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

2.3 Accounting Terms

All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

2.4 **Incorporation of Schedules**

The Schedules annexed hereto shall for all purposes hereof, form an integral part of this Debenture.

2.5 **Singular, Plural**

As used herein, each gender shall include all genders, and the singular shall include the plural and the plural the singular as the context shall require.

2.6 **Conflict**

In the event of a conflict between the provisions of this Debenture and the provisions of the Investment Agreement, the provisions of the Investment Agreement shall prevail. In the event of a conflict between the provisions of this Debenture and the provisions of any of the other Loan Documents, the provisions of this Debenture shall prevail.

2.7 **Currency**

Unless otherwise expressly stated, any reference herein to any sum of money herein shall be construed as a reference to lawful money of Canada.

2.8 **Time**

Unless otherwise expressly stated, any reference herein to time shall be construed as a reference to local time in Saskatoon, Saskatchewan, Canada.

2.9 **Schedules**

The following are the Schedules annexed hereto and incorporated by reference to be part hereof:

Schedule "A" -	List of Security Documents
Schedule "B" -	Employment Matters
Schedule "C" -	Description of Intellectual Property Rights
Schedule "D" -	Locations of Collateral
Schedule "E" -	Non-Arms Length Transactions
Schedule "F"	Material Contracts
Schedule "G" -	Simple Calculation of Additional Interest

ARTICLE 3 - THE LOAN

3.1 The Loan

Subject to the provisions of the Investment Agreement and fulfilment of each of the conditions precedent set out in Section 4.1 hereof, the Investor has agreed to extend to the Corporation a term loan in the aggregate of One Million Five Hundred Dollars ($1,500,000). The Loan is to be advanced to the Corporation on the Closing Date or as soon thereafter as all of the conditions precedent as set out in Section 4.1 hereof have been satisfied or waived (the date on which the Loan is advanced being herein referred to as the "Draw Down Date"). The Loan is being extended by the Investor to the Corporation to fund the repurchase by the Corporation of certain shares in its capital and the refinancing of an existing subordinated debenture, as described in the Investment Agreement.

3.2 Repayment of Loan

(a) Principal

Subject to the provisions of this Debenture, the Outstanding Principal Obligations under the Loan shall be repaid to the Investor in five (5) equal annual instalments of $300,000 each commencing on November 15, 2008 and on November 15 in each year thereafter to and including the Maturity Date, with any balance to be paid in full on the Maturity Date.

In addition to any interest payable under subsection 3.2(b), all accrued and unpaid interest on the Outstanding Principal Obligations and Additional Interest and all fees and other amounts due and payable hereunder shall be repaid to the Investor by the Corporation on the Maturity Date.

(b) Interest

Subject to Section 3.7 hereof, the Corporation shall pay to the Investor interest on the Outstanding Principal Obligations, at the Interest Rate, calculated monthly and payable monthly in arrears on the fifteenth day of each month, or if the fifteenth day of any particular month is not a Business Day then on the next following Business Day in such month (each an "Interest Payment Date") commencing on November 15, 2006, both before and after demand and before and after default, judgment and execution from the date thereof until payment in full of all amounts owing to the Investor hereunder have been paid, in accordance with the terms of Subsection 3.2(a) hereof.

The Corporation shall also pay to the Investor interest on any overdue and unpaid interest at the Interest Rate calculated monthly payable on demand, from the date the interest is due until paid in full to the Investor. If the date of any advance is not the fifteen day of a month, the first interest payment shall include all interest payable from the date of advance, up to and including the first Interest Payment Date. Interest shall be paid on a monthly basis thereafter from the last Interest Payment Date to the Interest Payment Date in the next succeeding month.

(c) Additional Interest

Subject to Section 3.7 hereof, the Corporation shall also pay to the Investor interest (the "Additional Interest") on the Outstanding Principal Obligations, at the rate of four per cent (4%) per annum, or such other interest rate as would ensure that, when taken together with all other interest paid by the Corporation to the Investor hereunder, would result in a pre-tax internal rate of return to the Investor on the principal amount of the Loan equal to 16.5% per annum, calculated and compounded annually (the "Additional Interest Rate") and payable on the Maturity Date (unless the Loan is prepaid earlier in which case all accrued Additional Interest shall be payable forthwith). **Schedule "G"** hereof sets forth how such Additional Interest shall be calculated.

3.3 **Payments by the Corporation**

Any payment by the Corporation on account of any amount due and payable by it hereunder, whether on account of principal, interest, premiums, fees, costs and expenses or otherwise, shall be made by the Corporation to the Investor and no such payment by the Corporation shall be effective until such time as it is so received by the Investor. Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be, payable on such date. All payments to be made by the Corporation to the Investor shall be in immediately available funds and received by the Investor no later than 1:00 p.m. (Saskatoon time) on the date of payment in order to obtain same day credit. Any such payment so received after such time on such date shall be deemed to have been paid, and shall be credited, on the next Business Day. Any interest on any portion of the Loan which is not paid when due shall bear interest as if such unpaid interest was an unpaid principal amount under the Loan. All payments received by the Investor shall be applied by the Investor to pay, in reverse order of maturity, all interest on overdue interest, all interest payments due and owing, all Additional Interest then due and owing and the Outstanding Principal Obligations, in that order.

3.4 **Optional Prepayment**

The Corporation shall have the right, at any time following the end of the thirtieth (30th) month following the Draw Down Date, when not in default under this Debenture, to prepay, in whole or in part, the then Outstanding Principal Obligations (any amount so paid being referred to as a "Prepayment Amount") and any Additional Interest on the Prepayment Amount and any capitalized, accrued and unpaid interest thereon on the following terms:

(a) the Corporation must give the Investor a minimum of five (5) days irrevocable written notice of any Prepayment Amount to be repaid;

(b) the Corporation must prepay the Pari Passu Debentures on a pro rata basis (unless waived in writing by a Debenture Holder); and

(c) the Corporation must pay to the Investor, at the time of any prepayment, a make-whole payment equivalent to the following:

(i)	if prepayment is prior to 36 months after the Draw Down Date;	4% x Prepayment Amount
(ii)	if prepayment is after 36 months and prior to 48 months after the Draw Down Date;	3% x Prepayment Amount
(iii)	if prepayment is after 48 months and prior to 60 months after the Draw Down Date;	2% x Prepayment Amount

(iv) if prepayment is after 60 months and prior to 72 months after the Draw Down Date; — 1% x Prepayment Amount

Any such repayment shall be applied by the Investor to prepay, in reverse order of maturity, all interest on overdue interest, all interest payments due and owing, all accrued Additional Interest on the Prepayment Amount and all Outstanding Principal Obligations, in that order.

Notwithstanding the foregoing, no prepayment may be made by the Corporation if such prepayment would have a material adverse effect on the Corporation and the Affiliates, taken as a whole, as determined by the Corporation's board of directors, acting reasonably and in good faith.

The notice provisions and provisions as to application of prepayment monies in reverse order of maturity as set out in this paragraph shall also apply mutatis mutandis to partial prepayments.

3.5 **Mandatory Prepayment**

At the option of the Investor to be exercised by notice in writing to the Corporation within fifteen (15) days of any Sale of the Corporation, the Corporation shall, unless the Investor otherwise agrees in writing, pay an amount (the "Mandatory Prepayment Amount") equal to the net proceeds from or attributable to any Sale of the Corporation shall be applied by the Investor and the Corporation to prepay in reverse order of maturity, all interest on overdue interest, all interest payments due and owing, all accrued and unpaid Additional Interest on the Mandatory Prepayment Amount and the then Outstanding Principal Obligations, in that order, provided that the Corporation must prepay the Pari Passu Debentures on a pro rata basis (unless waived in writing by a Debenture Holder).

3.6 **Advance of Loan**

The Corporation agrees that neither the execution nor registration of any of the Security nor the advancing in part of the Loan shall bind the Investor to advance the Loan or any un-advanced portion thereof.

3.7 **Interest and Loan Charges Not to Exceed Maximum Allowed by Law**

Notwithstanding any other provision of the Loan Documents, in no event shall the aggregate "interest" (as that term is defined in Section 347 of the *Criminal Code* (Canada)) received by or payable to the Investor in connection with the transactions contemplated in the Loan Documents exceed the effective annual rate of interest on the "credit advanced" (as defined therein) lawfully permitted under that section. The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term that the principal amount of the Loan is outstanding and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuary appointed by the Investor will be conclusive for the purposes of such determination. The parties do not intend that the aggregate interest payable in connection with the transactions contemplated under the Loan Documents will exceed such lawfully permitted rate or amount. Notwithstanding anything to the contrary under the Loan Documents contained, if the aggregate interest payable hereunder exceeds such lawfully permitted rate or amount, the rate and the amount of interest on the principal hereof shall be the maximum rate and amount permitted by law. If the aggregate interest paid or payable to the Investor in connection with the transaction contemplated in the Loan Documents would, if paid to the Investor in the manner contemplated hereby and thereby, exceed the lawfully permitted rate or amount, then the Investor shall be entitled to defer the timing of receipt or vary the manner of payment of any interest or amounts paid or payable to the Investor in connection with the transactions contemplated hereunder or thereunder, or to otherwise vary the terms pursuant to which such interest or any portion thereof or any other amount shall be paid to the Investor so that such payment will not be in violation of applicable law. If such payments, regardless of timing, are determined to be contrary to the provisions of Section 347 of the *Criminal Code* (Canada), such payment, collection or demand shall be deemed to have been made by mutual mistake of the Corporation and the Investor and the amount of such payment or collection shall be refunded to the Corporation.

ARTICLE 4 - CONDITIONS PRECEDENT

4.1 Conditions Precedent to the Extension and Maintenance of the Loan

The obligation of the Investor to advance and maintain the Loan is conditional upon the satisfaction of each of the following conditions precedent:

(a) On or before the Closing Date, the Investor shall have received the following, in form and substance and dated as of a date satisfactory to it and its counsel (acting reasonably):

(i) an officer's certificate issued by a senior officer of each of the Corporation and the Affiliates relating to the Corporation and the Affiliates and, inter alia, matters of corporate status, incumbency of officers, corporate power and authority, articles and by-laws and attaching a certified copy of a resolution of the board of directors of each of the Corporation and the Affiliates authorizing the execution and delivery of each of the Loan Documents to which the Corporation and each of the Affiliates, as the case may be, is a party and the performance by the Corporation and the Affiliates of their respective obligations hereunder and thereunder;

(ii) executed copies of each of the Loan Documents;

(iii) copy of the audited financial statement of the Corporation and the Affiliates for the period ending June 30, 2005;

(iv) copies of the most recent interim consolidated and unconsolidated financial statements of the Corporation and the Affiliates for the period ending on the Unaudited Statements Date, which are satisfactory to the Investor;

(v) opinions of counsel for the Corporation and the Affiliates with respect to the Loan Documents and the transactions contemplated thereby, in a form satisfactory to the Investor and its counsel;

(vi) evidence of insurance on the Collateral to be charged in favour of the Investor, showing the Investor as loss payee thereunder on a Pari passu basis with the other Debenture Holder, subordinate only to the Senior Lenders or to the extent otherwise agreed by the Investor;

(vii) an assignment by the Corporation (or the Affiliates) to each of the Debenture Holders of a life insurance policy on the life of Florian Possberg in a minimum amount of $1,000,000.00 each;

(viii) evidence of directors' and officers' liability insurance for all directors and senior officers of the Corporation and the Affiliates, with coverage consistent with industry standards acceptable to the Investor, or an undertaking to provide same within 90 days of the Closing Date;

(ix) an officer's certificate of a senior officer of the Corporation and each Affiliate certifying that between June 30, 2005 and the Closing Date, there has been no material adverse change in the business, operations, properties, financial position or the ability of the Corporation or the Affiliates to perform their obligations under the Loan Documents;

(x) the Corporation and the Affiliates shall have performed and complied in all material respects with all of the covenants, agreements, obligations and conditions required by this Debenture and the Loan Documents;

(xi) the Corporation shall have paid, or provided assurances satisfactory to the Investor that it will pay, the reasonable fees and expenses of the Investor's counsel in connection with due diligence matters and the preparation, negotiation and registration of the Loan Documents;

(xii) all financing statements under the applicable personal property security legislation in each relevant province, territory or jurisdiction shall have been filed as are necessary to perfect in such jurisdictions the security interests created by the Security and all registrations in respect of the Security shall have been made against all Real Property, if any;

(xiii) a certificate as to the legal existence and status of the Corporation and each Affiliate, issued by the appropriate public official in the jurisdiction in which such Person is incorporated;

(xiv) copies of consents, waivers and approvals, from other lenders, third parties and regulatory authorities, as applicable, in connection with the Loan Documents;

(xv) review of all existing and proposed loans and lease agreements and Material Contracts and agreements, satisfactory to the Investor, in its sole discretion; and

(xvi) such other certificates and documentation relating to the Corporation and the Affiliates or their respective properties and assets as the Investor or its legal counsel may reasonably require;

(b) the Corporation, the Affiliates and the Debenture Holders shall have entered into the Pari Passu Agreement, on terms and conditions satisfactory to them, acting reasonably;

(c) the representations and warranties contained in the Investment Agreement and Section 5.1 hereof shall be true and correct in all material respects on and as of the date thereof;

(d) all conditions set out in the Investment Agreement shall have been satisfied or waived; and

(e) no Default or Event of Default shall have occurred and be continuing.

ARTICLE 5 - REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Corporation and the Affiliates

The Corporation and the Affiliates represent and warrant to the Investor as follows, and acknowledge that the Investor is relying thereon in entering into this Debenture and extending the Loan:

(a) Organization and Qualification

Each of the Corporation and the Affiliates are corporations duly incorporated and organized and validly existing under the laws of the Province of Saskatchewan. Each of the Corporation and the Affiliates are duly qualified to carry on their respective businesses under the laws applicable to them in each jurisdiction where they carry on business or where the nature of their businesses or properties owned or leased by them make such qualification necessary. 101015902 Saskatchewan Ltd. ("1010") is a wholly owned Subsidiary of the Corporation, but currently is not the beneficial owner of any assets. Should 1010 ever commence operations or own any assets, the Corporation will forthwith notify the Investor in writing and 1010 will, at the request of the Investor, provide the security referenced in Section 6.1(r) hereof and be deemed to be an "Affiliate for all purposes of the Loan Documents;

(b) Corporate Power

Each of the Corporation and the Affiliates have full corporate right, power and authority to enter into and perform their respective obligations under each of the Loan Documents to which they are a party and have full corporate power and authority to own and operate the Collateral owned by them and their respective assets, and to carry on their respective businesses as now conducted and as presently proposed to be conducted;

(c) Conflict with Other Instruments

The performance by each of the Corporation and the Affiliates of their respective obligations under the Loan Documents (including the Corporation's obligations hereunder) and compliance with the provisions thereof and hereof do not and will not:

(i) conflict with or result in a breach of any of the terms, conditions or provisions of:

(A) their charter documents or by-laws;

(B) to the best of the knowledge of the Corporation, any law, rule or regulation having the force of law applicable to it or to any of the Collateral;

(C) any contractual restriction binding on or affecting the Corporation or the Affiliates, or any of the Collateral, the breach of which would have a material adverse effect upon the business, assets or condition, financial or otherwise, of the Corporation or the Affiliates;

(D) any writ, judgment, injunction, determination or award which is binding on the Corporation or any of its Affiliates or any of the Collateral;

(ii) result in, require or permit:

(A) the imposition of any Encumbrance in or with respect to any of the Collateral, other than in favour of the Debenture Holders under the Loan Documents; or

(B) the acceleration of the maturity of any Debt of the Corporation under any contractual provision binding on or affecting the Corporation, the Affiliates or the Collateral;

(d) Authorization, Governmental Approvals

The execution and delivery of each of the Loan Documents by the Corporation and the Affiliates and the performance by the Corporation and the Affiliates of their respective obligations hereunder and thereunder have been duly authorized by all necessary corporate action and to the best of the knowledge of the Corporation no consent, approval, order, authorization, licence, exemption or designation of or by any Official Body is required in connection with the execution, delivery and performance by the Corporation and the Affiliates of the Loan Documents to which it is a party and other than a filing of Form 45-106F1 with the Saskatchewan Financial Services Commission (and/or the securities regulatory authorities in such other province as may be applicable) and the payment of the prescribed fees, no registration, qualification, designation, declaration of filing with any Official Body is or was necessary to enable or empower the Corporation and the Affiliates to enter into and to perform their respective obligations under the Loan Documents except such as have been made or obtained and are in full force and effect, unamended, on the Closing Date;

(e) Due Execution and Enforceability

This Debenture and the other Loan Documents to which the Corporation and the Affiliates are a party have each been duly executed and delivered by the Corporation and the Affiliates, as the case may be, and each constitute legal, valid and binding obligations of the Corporation and the Affiliates, as the case may be, enforceable against them in accordance with their terms, subject to bankruptcy, insolvency, arrangement and other laws generally affecting the enforceability of creditors' rights and the availability, in the discretion of a court of competent jurisdiction, of equitable remedies;

(f) No Default

Neither the Corporation nor any of the Affiliates are in violation of their respective articles, by-laws or any shareholders agreements or any other agreements to which they are a party, if any;

(g) Location of Properties, Place of Business

As of the Closing Date, the only jurisdictions in which the Corporation and the Affiliates maintain any tangible personal property or carry on business are as set out in Part B of **Schedule "D"** hereto. Substantially all billings for the supply of goods and services by each of the Corporation and the Affiliates are made from, and require payment to be made to, the Chief Executive Office of the Corporation;

(h) Work Orders

To the best of the knowledge of the Corporation, as of the Closing Date, there are no material outstanding work orders, deficiency notices, remedial or other similar compliance orders from any Official Body (each a "Work Order") relating to the Leased Premises or the operation of the business of the Corporation or any Affiliate or required by any Official Body, nor are any material matters relating to the operation of the business of the Corporation or any Affiliate under discussion with any such departments or authorities relating to any Work Orders;

(i) No Burdensome Restrictions

To the best of the Corporation's knowledge, neither the Corporation nor any of the Affiliates is subject to any restriction out of the ordinary course of business (including any restriction set forth in its charter documents or by-laws) materially and adversely affecting its operations, business, financial condition or the Collateral or assets of any Affiliates;

(j) Intellectual Property

Neither the Corporation nor any of the Affiliates are knowingly infringing on the rights of any third party with respect to any patent, trademark, trade name, copyright (or any application or registration respecting any thereof), licence, discovery, improvement, process, formula, know-how, data, plan, specification, drawing or the like and the Corporation does not know of any facts which may result in the assertion against it of a claim for such an infringement.

As of the Closing Date, **Schedule "C"** sets forth, in respect of each of the Corporation and the Affiliates, a complete description of all Intellectual Property Rights (including divisions, reissues, renewals and extensions) owned or otherwise used in whole or in part in, or required for the proper carrying on of, the business of the Corporation or the Affiliates (such schedules showing, for each, the registration or application number, country, filing and expiration dates (if any), and classes; and for any unregistered trademarks, service marks or brand names not under application for registration, the products with respect to, and countries in which they are used). Expect as disclosed in **Schedule "C"**, all of the Intellectual Property Rights are owned by the Corporation (or, as of the date hereof, the Affiliate as specified in **Schedule "C"** hereto) and the Corporation or the respective Affiliate named has the sole and exclusive right to use the same, such are in good standing, all registrations and filings necessary to preserve the rights of the Corporation or the Affiliate in question have been made and are in good standing, and no royalty payments, licence fees or other charges are payable in respect thereof.

The Corporation (or, as of the date hereof, the Affiliate as specified in **Schedule "C"** hereto) owns, or has valid rights to use, the Intellectual Property Rights. As of the Closing Date, none of the Intellectual Property Rights are the subject of any escrow agreement or arrangement except as disclosed in **Schedule "C"**.

The Corporation is not aware of any employee or shareholder who is or has claimed or alleged an ownership interest in the Intellectual Property Rights.

(k) Permits

The Corporation and the Affiliates each possess all licences, permits, approvals and consents of, and have performed all registrations required by all Official Bodies as required to properly conduct their respective businesses and own, lease and operate the Collateral;

(l) Absence of Unusual Transactions and Events

Neither the Corporation nor any Affiliate has, since the date of the most recent unaudited financial statements presented to the Debenture Holders, being August 31, 2006 (the "Unaudited Statements Date"):

(i) paid or satisfied any obligation or liability, absolute or contingent, other than current liabilities or obligations disclosed in the unaudited financial statements and current liabilities or obligations incurred since the Unaudited Statements Date in the ordinary course of the business of the Corporation, consistent with past practice;

(ii) other than in the ordinary course of the business of the Corporation, consistent with past practice, waived or cancelled any rights or claims or made any gift or donations;

(iii) sold or otherwise disposed of any fixed or capital assets having a fair market value, in the case of any single sale or disposition, in excess of $250,000 and, in the case of all sales and dispositions, in excess of $500,000 in the aggregate;

(iv) made any capital expenditures other than those contemplated by the Corporation's capital budget for the fiscal year ending June 30, 2007, a copy of which has been provided to the Investor and on an ongoing basis, in excess of the Corporation's annual capital budget as approved by the board of directors of the Corporation for each upcoming fiscal year, copies of which will be provided to the Investor;

(v) made or suffered any change or changes in its financial condition, assets, liabilities or the business of the Corporation which, singly or in the aggregate, have materially adversely affected or could reasonably be expected to materially adversely affect its financial condition, assets, liabilities or the business of the Corporation;

(vi) suffered or incurred any damage, destruction or loss, whether or not covered by insurance, which has materially adversely affected or could reasonably be expected to materially adversely affect its financial condition, assets or the business of the Corporation;

(vii) made any material increase in the compensation payable or to become payable to its directors, officers, employees, independent contractors or agents, including, without limitation, any improvements to severance or termination pay, except as required by law, other than improvements to Employee Plans set out in **Schedule "B"**;

(viii) declared or paid any dividend or made any distribution, whether in cash, stock or in specie, in respect of any of its shares or repurchased, redeemed or otherwise acquired any of its securities; or

(ix) authorized or agreed or otherwise become committed to do any of the foregoing.

(m) Non-Arm's Length Transactions.

Except as set out in **Schedule "B"**, neither the Corporation nor any Affiliate has made any payment or loan to, or borrowed any monies from or is otherwise indebted to, any officer, director, employee, shareholder or any other Person with whom the Corporation or any Affiliate is not dealing at arm's length (within the meaning of the ITA or any Affiliate of any of the foregoing), except as disclosed to the Investor in the most recent audited financial statements or unaudited financial statements provided to the Investor (the "Statements"), loans from shareholders that have been repaid in full as at the date hereof, and except for usual compensation paid in the ordinary course of the business of the Corporation, consistent with past practice.

Except as disclosed in **Schedule "E"** and except for: contracts or agreements made solely between the Corporation and any Affiliate or between any of the Subsidiaries; contracts of employment; or contracts with the Government of Saskatchewan, (or an agency, crown corporation or department of such Government) neither the Corporation nor any Affiliate is a party to any contract or agreement with any officer, director, employee, shareholder or any other Person with whom the Corporation or any Affiliate is not dealing at arm's length (within the meaning of the ITA) or any Affiliate of any of the foregoing.

(n) Material Contracts

Except as set out in **Schedule "F"**, or except as disclosed in any other Schedule to this Agreement or the Investment Agreement, neither the Corporation nor any Affiliate is a party to or bound by any Material Contract. Correct and complete copies of all of the Material Contracts, or, where such contracts are oral, correct and complete written summaries of their terms, have been provided to the Investor.

(o) Employment Matters

Except as set out in **Schedule "B"** neither the Corporation nor any Affiliate is a party to or is bound by any:

(i) oral or written contract or commitment for the employment or retainer of any individual, including, for greater certainty, any contract or commitment with directors, officers, employees, independent contractors or agents, but excluding any oral contract or commitment for the employment of any individual pursuant to which such individual is entitled to annual remuneration of less than $100,000;

(ii) oral or written contract or commitment providing for severance, termination or similar payment on account of termination of employment in an amount for any individual exceeding $50,000, including on a Change of Control of the Corporation or any Affiliate; or

(iii) contract with or commitment to any trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent (collectively called "labour representatives") and neither the Corporation nor any Affiliate has conducted negotiations with respect to any such future contracts or commitments; no labour representatives hold bargaining rights with respect to any employees of the Corporation or any Affiliate; no labour representatives have applied to have the Corporation or any Affiliate declared a related employer pursuant to *The Trade Union Act* (Saskatchewan); and there are no current or, to the best of the Corporation's knowledge, threatened attempts to organize or establish any trade union or employee association with respect to the Corporation or any Affiliate.

Correct and complete copies of all contracts and commitments set out in **Schedule "B"**, or where oral, correct and complete written summaries of their terms have been provided to the Investors. Except as referred to in **Schedule "B"**, there is no work stoppage or other concerted action, grievance or dispute existing or, to the best of the Corporation's knowledge, threatened against the Corporation or any Affiliate;

(p) Adverse Change

There has been no material adverse change to the Corporation or any of the Affiliates or their respective businesses or assets since the Unaudited Statements Date;

(q) Compliance With Laws

To the best of the knowledge of the Corporation, the Corporation and the Affiliates have complied and are complying in all material respects with, all federal, provincial and local laws, rules, regulations, notices, approvals, ordinances and orders applicable to their respective businesses, property, assets and operations;

(r) Insolvency Proceedings

Neither the Corporation nor any of the Affiliates have, as of the date of this Debenture:

(i) made an assignment for the benefit of creditors;

(ii) made a proposal for the benefit of creditors or delivered a notice of intention to do so;

(iii) had any receiving order made against it under the provisions of the BIA;

(iv) had a petition for a receiving order served upon it;

(v) had any application made under the *Companies Creditor's Arrangement Act* (Canada) in respect of it; or

(vi) otherwise relied upon, sought to take advantage of or otherwise become subject to, any bankruptcy or insolvency or other similar legislation in force;

(s) Certain Transactions

Except as noted in the financial statements provided to the Investor (or in **Schedule "B"**):

(i) neither the Corporation nor any of its Affiliates are indebted, directly or indirectly, to any of its shareholders, officers or directors or to their respective spouses or children, in any amount whatsoever and none of said shareholders, officers or directors or any members of their immediate families, are indebted to the Corporation or any Affiliate;

(ii) to the knowledge of the Corporation, except for shareholders who are institutional investors or government agencies and except for officers or directors of the Corporation who may also be officers, directors or otherwise serving in a representative capacity for a shareholder of the Corporation that is an institutional investor or government agency, no shareholder, officer or director of the Corporation or their respective spouses or children, have any direct or indirect ownership interest in any firm or corporation with which the Corporation or any Affiliate has a material business relationship, or any firm or corporation which competes with the Corporation or any Affiliate;

(iii) no shareholder, officer or director of the Corporation or their respective spouses or children is, directly or indirectly, interested in any contract with the Corporation or any Affiliate, other than contracts entered into in the normal course of business on commercially reasonable terms; and

(iv) none of the Corporation or any Affiliate is a guarantor or indemnitor of, or otherwise liable, contingently or otherwise, for, any indebtedness or liabilities, actual or contingent, of any other Person (other than on an inter-corporate basis between the Corporation and an Affiliate or among Affiliates, or except in respect of Senior Debt or the guarantees of the Affiliates to be provided to the Investor hereunder);

(t) Statements Not False or Misleading

No representation or warranty given as of the date hereof by the Corporation contained in this Debenture or any Schedule attached hereto or any statement in any Loan Document or other instrument furnished or to be furnished by the Corporation or any Affiliate to the Investor pursuant hereto, taken as a whole, contains or will (as of the time so furnished) contain any untrue statement of a material fact, or omits or will (as of the time so furnished) omit to state any material fact which is necessary in order to make the statements contained therein not misleading;

(u) Environment

The Corporation and each Affiliate have duly complied with, and their respective businesses, operations, assets, equipment, property, leaseholds or other facilities are in compliance in all material respects with, the provisions of all applicable federal, provincial, state, local and other environmental, health, and safety laws, codes and ordinances, and all rules and regulations promulgated (in each case having the force of law) thereunder. The Corporation and each Affiliate has been issued and will maintain all required federal, provincial, state, local and other permits, licenses, certificates and approvals relating to (1) air emissions; (2) discharges to surface water or groundwater; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, generation, storage, transportation or disposal of toxic or hazardous substances or wastes (which shall include any and all such materials listed in any applicable federal, provincial state, local or other law, code or ordinance and all rules and regulations promulgated (in each case having the force of law) thereunder as hazardous or potentially hazardous); or (6) other material environmental, health or safety matters. Neither the Corporation nor any Affiliate has received notice of, or knows of, or suspects facts which might constitute any violations of any federal, state or local environmental, health or safety laws, codes or ordinances, and any rules or regulations promulgated thereunder with respect to its businesses, operations, assets, equipment, property, leaseholds, or other facilities. Except in accordance with a valid governmental permit, license, certificate or approval, there has been no emission, spill, release or discharge into or upon (1) the air; (2) soils, or any improvements located thereon; (3) surface water or groundwater; or (4) the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any toxic or hazardous substances or wastes at or from the premises; and accordingly the premises of the Corporation and each Affiliate are free of all such toxic or hazardous substances or wastes. There has been no complaint, order, directive, claim, citation or notice by any Official Body with respect to (1) air emissions; (2) spills, releases or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing the premises; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, generation, storage, transportation or disposal of toxic or hazardous substances or waste; or (6) other material environmental, health or safety matters affecting any member of the Corporation or any Affiliate or its business, operations, assets, equipment, property, leaseholds or other facilities. Neither the Corporation nor any Affiliate has any indebtedness, obligation or liability (absolute or contingent, matured or not matured), with respect to the storage, treatment, cleanup or disposal of any solid wastes, hazardous wastes or other toxic or hazardous substances (including without limitation any such indebtedness, obligation, or liability with respect to any current regulation, law or statute regarding such storage, treatment, cleanup or disposal);

(v) <u>Issuance Taxes</u>

All taxes imposed on the Corporation in connection with the issuance, sale and delivery of this Debenture have been or will be fully paid, and all laws imposing such taxes have been or will be fully satisfied by the Corporation.

5.2 Survival of Representations and Warranties

Except for representations and warranties given as of the Closing Date or to the extent that any variations in such representations and warranties are disclosed in writing to, and accepted by (acting reasonably), the Investor, the representations and warranties herein set forth or contained in any certificates or documents delivered to the Investor shall survive the execution and delivery of this Debenture and the extension of the Loan until all obligations of the Corporation and the Affiliates to the Investor herein have been fully satisfied.

ARTICLE 6 - COVENANTS

6.1 Affirmative Covenants

Until all obligations of the Corporation and the Affiliates to the Investor have been fully satisfied hereunder, the Corporation shall, and shall use its commercially reasonable efforts to cause each of the Affiliates to:

(a) Carry on Business

Carry on business and operations in all material respects in accordance with good practices consistent with accepted industry standards and pursuant to all applicable agreements and regulations;

(b) Payment of Obligations to the Investor

Duly and punctually pay to the Investor all amounts payable by it hereunder or under any of the Loan Documents as and when the same shall become due and satisfy all obligations when due under this Debenture, the Loan Documents and any other instrument or document giving rise to such obligations;

(c) Payment of Taxes

Pay or cause to be paid and discharged, before the same shall become delinquent, all Taxes, assessments and governmental charges or levies imposed upon it or upon the Collateral, income or profit and any and all governmental claims imposed upon it (except same being diligently contested in good faith and by appropriate proceedings and in respect of which adequate provision has been made in the books of the Corporation or Affiliate, as applicable);

(d) Insurance

Without limiting any of the requirements of any of the other Loan Documents, the Corporation shall and shall cause each Affiliate to maintain, in amounts customary for entities engaged in comparable business activities, (i) insurance on its properties and assets and for the operation of its business against such hazards and in at least such amounts as are customary in such company's business; and (ii) liability insurance in at least such amounts as are customary in businesses similar to such company's and shall provide certified copies of such policies to the Investor upon request. Such policies of insurance shall include coverage satisfactory to the Investor against loss or damage to its property and assets by fire and other hazards, environmental liability insurance and business interruption insurance. None of such insurance policies shall provide for co-insurance, and each shall include an endorsement whereby the insurers agree to give the Investor not less than thirty (30) days notice of the cancellation of any policy of insurance resulting from a payment default and sixty (60) days notice of cancellation for any other reason and permit the Investor to cure any default which may exist under any such policy of insurance. The Investor (on a Pari passu basis with all Debenture Holders) shall be named as loss payee and mortgagee as its interest may appear in all such policies of insurance. Subject to the rights of any Senior Lenders, any money received by or for the benefit of the Investor under such policies may be applied to payment of any indebtedness of the Corporation and each Affiliate pursuant to the Loan Documents, whether or not such indebtedness is then due or payable, if any material amount of the Investor's Security for the obligations of the Corporation hereunder have been lost, destroyed or damaged. At the Investor's option acting reasonably in consultation with the Corporation's board of directors, the Investor may also deliver such proceeds to the Corporation or each Affiliate for the purpose of repairing or restoring the property in respect of which such proceeds were received;

(e) Preservation of Corporate Existence

Preserve and maintain its corporate existence and rights;

(f) Compliance with Senior Credit Facilities and No Replacement Financing

At all times comply with the conditions, provisions and, without limitation, all financial covenants and/or margin requirements specified in the Senior Lending Agreement and forthwith notify the Investor upon any default thereunder occurring. The Corporation covenants and agrees not to refinance the Senior Credit Facilities (or agree to any changes to the financial covenants in relation thereto) without the prior written consent of the Investor. All financial covenants in the Senior Lending Agreement shall be tested as frequently as required by the Senior Lending Agreement, and, in addition shall be tested quarterly by the Investor commencing with the first fiscal quarter ending after the Closing Date and the ratios specified shall be tested at the fiscal year end and for the next three quarter ends thereafter.

(g) Compliance with Laws

Comply, and cause its operations and the operations of its Affiliates to comply, in all material respects, with all applicable laws, regulations and orders, including, without limitation, material public and employee health and safety provisions, and duly observe in all material respects all valid requirements of any Official Body;

(h) Disclosure and Access

Provide the Investor with full, complete and timely disclosure of all material matters pertaining to its business and financial condition and the business and financial condition of the Affiliates and the Collateral and all assets owned by the Affiliates and at any reasonable time or times with prior written notice and limited to four times per year, permit (subject to normal biosecurity protocols) the Investor and its representatives reasonably acceptable to the Corporation access to the premises of the Corporation or any of the Affiliates to inspect or to appraise the Collateral (including the financial books and records of the Corporation or its Affiliates and to make extracts therefrom at the cost of the Investor) of the Corporation and to discuss the affairs, finances and accounts of the Corporation or any of the Affiliates with the officer appointed as (or performing the functions of) the chief financial officer thereof or any person performing a similar function, and permit such representatives to discuss the affairs, finances and accounts of the Corporation with the Investor and such representatives;

(i) Keeping of Books

Keep or cause to be kept proper books of record and account in which full and correct entries shall be made of all financial transactions, assets and business of the Corporation and its Affiliates in accordance with GAAP;

(j) Maintenance of the Properties

Maintain and preserve all of the Collateral in all material respects in good repair, working order and condition (reasonable wear and tear excepted) and, from time to time, make all needed and proper repairs, renewals, replacements, additions and improvements thereto, so that the business carried on by the Corporation may be properly and advantageously conducted at all times in accordance with prudent business management;

(k) Reporting Requirements

Furnish to the Investor:

(i) annually, as soon as available and in any event at least sixty (60) days before the end of its then current fiscal year, copies of annual projected consolidated operating budgets for the Corporation and Affiliates, including a balance sheet, income statement and cash flow statement prepared on a monthly basis;

(ii) annually, as soon as available and in any event within one-hundred and twenty (120) days after the end of each fiscal year:

(A) annual audited consolidated financial statements for the Corporation and the Affiliates, consisting of balance sheets, statements of income and retained earnings of the Corporation and Affiliates as of the close of such fiscal year and an audited consolidated statement of cash flow for the Corporation and Affiliates for such fiscal year, setting forth the corresponding figures of the previous fiscal year in comparative form, prepared in accordance with GAAP consistently applied and accompanied by an unqualified audit report prepared by a Canadian firm of independent chartered accountants acceptable to the Investor, acting reasonably, showing the financial condition of the Corporation and the Affiliates at the close of such year and the results of its operations during such year and accompanied by a certificate of the President of the Corporation, stating that to the best of the knowledge of such officer, the Corporation and each Affiliate has kept, observed, performed and fulfilled in all material respects each covenant, term and condition of the Loan Documents;

(B) annual unaudited (unconsolidated) financial statements for each of the Corporation and the Affiliates prepared in accordance with GAAP including the information set out above; and

(C) certificates of the Corporation and the Affiliates signed on by a senior officer stating that as of the date of such certificate:

(1) no Event of Default has occurred and is continuing and that no material adverse change has occurred in its business or operations during the most recent fiscal year or, if such is not the case, describing such Event of Default or material adverse change;

(2) setting forth in reasonable detail the computations necessary to determine whether the Corporation is in compliance with subsection 6.1(f);

(iii) as soon as available and in any event within twenty (20) days after the end of each month:

(A) management prepared (unconsolidated) interim financial statements, for each of the Corporation and the Affiliates, consisting of a balance sheet and statement of cash flows of the Corporation and Affiliates as of the end of such month and the related statements of income and retained earnings setting forth the corresponding figures for the same monthly period of the previous fiscal year in comparative form;

(B) management prepared, interim consolidated financial statements prepared in accordance with GAAP (subject, however, to usual year-end adjustments, the fact that they may not include note disclosure and the fact that in such interim statements, hedge accounts may not be presented in accordance with GAAP) for the Corporation and the Affiliates, consisting of the information set out above, and including a summary of hedge positions of the Corporation;

(C) the certificates of the Corporation referred to in subclause (C) of subsection (k)(ii) above but in respect of such month;

(iv) annually, an updated list of the locations of all of the Collateral and an updated list of all Leases then in effect;

(v) promptly after becoming aware thereof, notice of:

(A) all existing or threatened actions, suits and proceedings before any Official Body which would materially adversely affect the Corporation;

(B) any existing or threatened strike, slow-down or work stoppage affecting the Corporation which would materially adversely affect the Corporation and the steps being taken to remedy the same; and

(C) any Work Order received by the Corporation;

(vi) promptly upon becoming aware thereof, notice of any material fact or material change which has had, is having, or would have, a material adverse effect on the business or condition, financial or otherwise, of the Corporation and the Affiliates, taken as a whole;

(vii) such other information respecting the business and affairs, financial or otherwise, of the Corporation or any of the Affiliates, or the Collateral or the assets of any of the Affiliates, as the Investor may from time to time reasonably request;

(viii) prompt notice of:

(A) any change in the information contained in this Debenture, and the Loan Documents relating to the Corporation, its business or the Collateral;

(B) the details of any claims or litigation affecting the Corporation or the Collateral; and

(C) any loss or damage to the Collateral;

(l) Notice of Default

Advise the Investor forthwith upon becoming aware of the occurrence of a Default or an Event of Default hereunder and deliver to the Investor upon demand a certificate signed by a senior officer of the Corporation certifying the particulars of any Default or Event of Default which shall have occurred and the steps being taken to remedy the same, in form and substance satisfactory to the Investor, acting reasonably;

(m) Subsidiaries and Affiliates

Directly maintain ownership of all issued and outstanding shares of all of its Subsidiaries and any shares now or from time to time owned in its Affiliates;

(n) Costs

Within ten (10) Business Days after demand by the Investor, reimburse the Investor for any amounts paid or costs incurred by the Investor as a result of the proper and reasonable exercise by the Investor of any of its rights under any Loan Document to cure any failure by the Corporation to perform or observe any of its covenants hereunder or thereunder, together with interest thereon at the Interest Rate until paid in full;

(o) Environment

Be, and cause each Affiliate to be, and remain and cause each Affiliate to remain, in compliance in all material respects with the provisions of all federal, provincial, local and other environmental, health, and safety laws, codes and ordinances, and all rules and regulations (in each case, having the force of law) issued thereunder; notify the Investor immediately of any notice of a hazardous discharge or environmental complaint received from any governmental agency; notify the Investor immediately of any hazardous discharge from or affecting any Real Property or Leased Premises; immediately contain and remove the same, in compliance with all applicable laws; promptly pay any fine or penalty assessed in connection therewith unless such fine or penalty is being diligently contested in good faith and by appropriate proceedings; permit the Investor to inspect the premises, to conduct necessary tests thereon, and to inspect all books, correspondence, and records necessarily pertaining thereto, in any case, at any reasonable time or times with prior notice; and at the Investor's reasonable request, and at the Corporation's expense, provide a report of a qualified environmental engineer, satisfactory in scope, form, and content to the Investor (acting reasonably), and such other and further assurances reasonably satisfactory to the Investor that the condition has been corrected. The Corporation shall, and shall cause each of its Subsidiaries to, comply with all environmental laws and investigate, and respond proactively to, any violation or potential violation of any environmental law that has been or is about to be committed by the Corporation or its Subsidiaries or any Person that the Corporation or its Subsidiaries are responsible for at law, if the Corporation or its Subsidiaries receives notice of or becomes aware of such a violation or potential violation.

(p) Further Assurances

At its cost and expense, upon reasonable request of the Investor, duly execute and deliver, or cause to be duly executed and delivered, to the Investor all such further agreements, instruments, documents and other assurances and do and cause to be done all such further acts and things as may be necessary or proper in the Investor's reasonable opinion to carry out more effectually the provisions and purposes of the Loan Documents to its reasonable satisfaction;

(q) Use of Proceeds

Use the proceeds made available to it under the Loan only for the purposes set forth in the Investment Agreement; and

(r) New Affiliates

The Corporation shall notify the Investor in writing, a minimum of thirty (30) days prior to any acquisition or creation of any new Subsidiary (or in respect of 101015902 Saskatchewan Ltd., if it ever commences carrying on business or acquires any assets of which it is the beneficial owner) and, thereafter, upon request by the Investor, cause such Subsidiary to furnish to the Investor a guarantee on substantially the same terms as the guarantees provided by Drycast Systems Inc. and Big Sky Management Consulting Inc. pursuant to ARTICLE 11 hereof together with a General Security Agreement securing all of the present and after acquired property of such Subsidiary. Any such Subsidiary shall and shall be deemed to be an "Affiliate" of the Corporation for the purposes of the Loan Documents.

6.2 Negative Covenants

So long as there are Outstanding Principal Obligations, the Corporation shall not, nor shall it permit any of the Affiliates to, as the case may be, without the prior written consent of the Investor (acting reasonably):

(a) Encumbrances and Debt

Create, or suffer to exist any Encumbrance to secure or provide for the payment of, any Debt or any other obligation, other than Senior Debt or Permitted Encumbrances;

(b) Change in Nature of Business

Make or permit any material change to be made in the nature of its business as carried on by it at the date hereof, change its name or continue its corporate existence from Saskatchewan to another jurisdiction;

(c) Mergers

Complete any amalgamation, merger or similar transaction (whether by way of reorganization, arrangement, consolidation, amalgamation, merger, joint venture, transfer, sale, lease or otherwise), other than an amalgamation of the Corporation and one or more wholly owned Subsidiaries, provided a minimum of thirty (30) days advance written notice is provided to the Investor;

(d) Disposal of Assets

Sell, exchange, lease, release or otherwise dispose of, any material portion of the Collateral to any Person (other than a wholly-owned Subsidiary) or modify the terms of any of the Leases, other than any bona fide sales, exchanges, leases, licenses, releases, abandonments or other dispositions or modifications by the Corporation or the Affiliates in the ordinary course of business and for the purpose of carrying on the same which sale or disposal shall not, except in respect of inventory, in any event, exceed $500,000 annually, in the aggregate;

(e) Sale of Corporation

Consent to, permit, or enter into a binding agreement for, a Sale of the Corporation or a Change of Control of the Corporation, except as otherwise permitted under the Shareholder Agreement;

(f) Guarantees

Guarantee, endorse or otherwise become surety for or upon the obligations of any Person (other than on an inter-corporate basis between the Corporation and an Affiliate or among Affiliates) except as required to grant security to the Investor under the terms of the Loan Documents, or in respect of Senior Debt or as permitted under Subsection 6.2(a);

(g) Joint Ventures or Partnerships

Form or enter into a joint venture, partnership or similar arrangement involving a commitment of funds or exposure of liability of the Corporation or any Affiliate in an amount or having a value exceeding $1,000,000.00;

(h) Licenses and Agreements

Grant any leases, licenses or material agreements to any other party other than in the ordinary course of business;

(i) Dividends and Bonuses

Except for dividends that may be paid by the Affiliates to the Corporation, declare or pay any dividends on or make any other payment or distribution in respect of any shares of its capital (except when such amount includes allocation for the Investor's pro rata ownership of the Corporation and provided the Corporation and the Affiliates remain in compliance in all material respects with all covenants in the Senior Credit Agreement and the Loan Documents and that all financial obligations of the Corporation and the Affiliates are fully met) or make any change in its issued or authorized capital whether by way of redemption or otherwise, except the redemption of such shares as contemplated by the Issuer Bid, or as otherwise permitted by the Shareholders Agreement;

(j) Operating Budgets and Compensation

Approve or make changes to annual operating budgets of the Corporation as approved by the board of directors; or changes to senior management compensation, including bonuses, as approved by the board of directors;

(k) Intercompany Transactions

Except as disclosed to the Investor as of the Closing Date, enter into any intercompany transactions as between the Corporation and one or more of the Affiliates outside the ordinary course of business;

(l) Loans

Except as disclosed to the Investor as of the Closing Date, lend money to or invest money in any Person (other than on an inter-corporate basis between the Corporation and an Affiliate or among Affiliates, provided the Corporation gives the Investor written notice of such loans), whether by way of loan, acquisition of shares, acquisition of debt obligations or in any other way whatsoever;

(m) Removal of Assets

Remove the Collateral from the locations listed in Part C of **Schedule "D"** (as updated annually by the Corporation) unless such removal is a sale of the Collateral in the ordinary course of business and for the purposes of carrying on such business or is otherwise permitted herein;

(n) Payments

Make repayment of monies owing by the Corporation or any of the Affiliates, including interest on such monies, except: payments of Senior Debt in accordance with the terms thereof; payments under the Pari Passu Debentures; reimbursement of reasonable expenses to employees, directors or officers of the Corporation or any Person related to the Corporation including the Affiliates; or payments otherwise permitted under this Debenture or in the ordinary course of business of the Corporation or Affiliates;

(o) Intellectual Property

Sell, assign, transfer, dispose of or encumber in any manner whatsoever (other than pursuant to a Permitted Encumbrance), the rights, patents, trade secrets, licenses or any other Intellectual Property Rights or industrial property rights owned by the Corporation or any of its Affiliates, except licenses in the ordinary course of business and for the purposes of carrying on such business;

(p) Capital Expenditures

Incur any capital expenditures, including lease or license obligations, except as otherwise permitted herein or in accordance with the Shareholders Agreement; or

(q) Capital Structure

Other than as contemplated in the Loan Documents, issue any securities in its capital or otherwise reorganize or alter its current capital structure.

ARTICLE 7 - MORTGAGES, CHARGES AND SECURITY INTERESTS

7.1 Security

As security for the due payment of the Loan, interest thereon and all other indebtedness and liabilities of the Corporation to the Investor hereunder and for the payment and discharge of all other present and future liabilities and obligations, direct or indirect, absolute or contingent, of the Corporation to the Investor hereunder (all such indebtedness, interest, liabilities and obligations being, for the purposes of this Debenture hereinafter collectively called the "Obligations"), the Corporation shall grant or cause to be granted to and in favour of the Investor, the Security listed in **Schedule "A"** hereto as well as such other security, documents, certificates or agreements relating to the Corporation and the Affiliates or their respective properties and assets as the Investor or its legal counsel may reasonably require.

For the purposes of this Debenture, the goods, inventory, intangibles, chattel paper, securities, documents of title, instruments, money, undertaking and all other property and assets of the Corporation and the Affiliates referred to in this Section are hereinafter sometimes collectively called the "Collateral".

7.2 Pari Passu Ranking of Debenture and Security

This Debenture and the Security granted in respect thereof shall rank pari passu in all respects with the FCCV Debenture and FCCV Security, all as more specifically provided in the Pari Passu Agreement.

7.3 Location of the Collateral

The Collateral is, on the date hereof, primarily situate or located at the locations specified in **Schedule "D"** hereto, but may from time to time be located at other premises of the Corporation or the Affiliates. The Collateral may also be located at other places while in transit to and from such locations and premises and may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Corporation or an Affiliate. Except as contemplated above or as permitted by subsection 6.2(d), but otherwise, notwithstanding any other provision of this Debenture, the Collateral shall not be removed from the locations and jurisdictions in which it they are currently located as indicated on **Schedule "D"**, without the prior written consent of the Investor.

7.4 Existing Leases

The Corporation hereby represents and warrants to the Investor that, as of the date hereof, each of the Leases is valid and subsisting and has not been surrendered or forfeited, except as disclosed to the Investor, the rents and covenants therein reserved and contained have been duly paid and performed by the Corporation or Affiliates, as applicable, and the Corporation or Affiliates, as applicable, has full right, power and authority to mortgage and charge each of the Leases and the leasehold interest of the Corporation in the property demised or rented thereunder, provided that it is hereby acknowledged that the foregoing is subject to the fact that the consent of the respective landlords or lessors thereunder has not been obtained by the Corporation or Affiliates, as applicable.

7.5 Security to be Granted by Affiliates

The Corporation shall cause any or all of the Affiliates, whether existing at the date of this Debenture or acquired or created in the future, to grant to the Investor, a guarantee of all of the Corporation's obligations under this Debenture and a general security agreement over all of that Affiliate's present and after acquired personal property (subordinate only to security granted to the Senior Lenders), and any other security as may be reasonably requested by the Investor from time to time in its sole discretion.

ARTICLE 8 - DEFAULT

8.1 Events of Default

The Corporation shall be in default under this Debenture if any one or more of the following events (each an "Event of Default") occurs and upon such occurrence which is continuing, the Investor will have the option to declare that all of the Outstanding Principal Obligations and all accrued and unpaid interest, fees and other amounts payable hereunder shall, to the extent permitted by applicable law, become and be immediately due and payable upon written notice to the Corporation but without any other act on the part of the Investor:

(a) if the Corporation makes default in payment to the Investor of principal, interest or other amounts when due under this Debenture and such default remains unremedied for a period of five (5) days;

(b) if the Corporation or any Affiliate defaults with respect to any of the covenants, warranties and/or conditions contained in the Senior Credit Facilities or the credit documents with any other creditor or lender of the Corporation or an Affiliate and such default is not waived or cured within the applicable cure period, if any (except delays in payments to trade creditors in the ordinary course of business to a maximum of $500,000.00);

(c) if the Corporation or any Affiliate fails to observe or comply in all material respects with any affirmative or negative covenant, material condition, term or provision set out in this Debenture, or in any other Loan Document and such default remains unremedied for a period of ten (10) days following written notice specifying such default by the Investor;

(d) if, in the opinion of the Investor, acting reasonably, a material adverse change in the financial condition of the Corporation and the Affiliates, taken as a whole, or the operation of such party's business or assets has occurred;

(e) if any material representation or warranty of the Corporation or Affiliate herein proves to be untrue in any material respect and the circumstances giving rise thereto are not corrected (if capable of correction) within thirty (30) days;

(f) if: (i) the Corporation or any of the Affiliates ceases or threatens to cease to carry on its business; (ii) any proceedings are commenced by the Corporation or any Affiliate under the *Companies' Creditors Arrangements Act* or under the BIA (including a proposal or notice of intention); (iii) the Corporation or any of the Affiliates commits or threatens to commit an act of bankruptcy; (iv) the Corporation or any of the Affiliates becomes insolvent or bankrupt or makes an authorized assignment pursuant to the BIA; or (v) a bankruptcy petition is filed by or presented against the Corporation or any of the Affiliates and remains undischarged or unstayed for a period of thirty (30) days;

(g) if proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets or business of the Corporation or any of the Affiliates by a court or pursuant to any other agreement;

(h) if proceedings are taken to enforce any Encumbrance on the assets of the Corporation or any of the Affiliates (the "Defendant") having a value in the aggregate, greater than $500,000.00 (other than frivolous involuntary proceedings which are being diligently contested by the Defendant in good faith which do not materially affect the Security or the value of the business or assets of the Defendant (or the Corporation), all as determined by the Investor, acting reasonably);

(i) if a petition is filed, an order is made or a resolution passed, or any other proceeding taken for the winding-up, dissolution or liquidation of the Corporation or any Affiliate;

(j) if the Corporation or any Affiliate shall 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;

(k) if the Corporation or any Affiliate shall fail to keep the Collateral in repair and in good working order as required hereunder, or shall fail to promptly pay when due, all taxes, license fees and assessments levied on the Corporation or an Affiliate as required hereunder (except such taxes, license fees and assessments being contested in good faith and by appropriate proceedings and in respect of which adequate provisions have been made on the books of the Corporation or Affiliate, as applicable) and the circumstances giving rise thereto are not corrected (if capable of correction) within thirty (30) days;

(l) if there is a material adverse qualification to any of the audited financial statements of the Corporation or any of the Affiliates by its auditors;

(m) if, at any time, the shareholders of the Corporation fail to elect a joint nominee of the Investor and FCCV to the Board of Directors of the Corporation (unless they choose not to nominate a representative) and fail to permit a further observer appointed by the Investor and FCCV to attend and be notified of all Board meetings, and such failure is not remedied within five (5) days;

(n) if the Corporation and Florian Possberg fail to deliver copies of life insurance policies(or keep same in full force and effect) and an assignment thereof in favour of the Investors as required herein; or

(o) if there is a Change of Control of the Corporation.

8.2 **Remedies**

Upon the occurrence and continuation of an Event of Default, the Investor shall not be required to advance any portion of the Loan which has not then been advanced.

Upon the occurrence and continuation of an Event of Default, the Investor may declare in writing any or all of the Obligations to be immediately due and payable and may proceed to realize on any security forming part of the Loan Documents and to enforce its rights by any method not prohibited by law.

8.3 **Expenses**

The Corporation agrees to pay all reasonable expenses, including solicitor's fees as between a solicitor and his own client and disbursements and the reasonable remuneration of any receiver appointed under any of the Security, incurred by the Investor in the preparation and enforcement of this Debenture or the Obligations, or in the holding, repairing, processing or preparing for disposition and disposing of, the Collateral, with interest at the Interest Rate, and the payment of such expenses shall be secured under the Loan Documents.

ARTICLE 9 - RIGHTS OF THE INVESTOR

9.1 **Payment of Encumbrances**

Upon the occurrence and continuation of an Event of Default, the Investor may pay and satisfy the whole or any part of any liens, taxes, rates, charges or Encumbrances, (other than Permitted Encumbrances which are not in default), now or hereafter existing in respect of any of the Collateral and such payments together with all costs, charges and expenses which may be incurred in connection with making such payments shall form part of the indebtedness and liability secured by the Loan Documents and shall be secured by the mortgages, charges and security interest granted by the Loan Documents. In the event of the Investor satisfying any such lien, tax, rate, charge or Encumbrance, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge or assignment thereof and to hold any such discharge without registration for so long as it may deem it advisable to do so.

9.2 **Dealings with Corporation**

The Investor may, without exonerating the Corporation in whole or in part, grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Corporation and all other Persons and Security as the Investor may see fit.

ARTICLE 10 - INDEMNITIES

10.1 **Environmental Indemnity**

The Corporation hereby indemnifies the Investor and its officers, directors, employees and agents (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever), which at any time or from time to time may be paid, incurred or asserted against, the Indemnified Parties or any of them for, with respect to, or as a direct or indirect result of, the presence now or hereafter on or under any Real Property or Leased Premises (the "Property") of the Corporation or any Affiliate, or the escape, seepage, leakage, spillage, discharge, emission or release now or hereafter from any Property of the Corporation or any Affiliate or otherwise into or upon any land, the atmosphere, or any watercourse, body of water or wetland of any hazardous substance, or any liability of the Corporation or any Affiliate as a result of non-compliance with any legal requirement relating to public health or safety or the environment (including, without limitation: (i) the cost of defending and/or counterclaiming or claiming over against any third party in respect of any action or matter; and (ii) the costs, liability or damage arising out of a settlement of any action entered into by an Indemnified Party (with or without the consent of the Corporation). The provisions of, and undertakings and indemnifications set out in this Section 10.1 shall survive payment or performance (as the case may be) of all other Obligations owing by the Corporation pursuant to this Debenture.

10.2 **General Indemnification**

The Corporation agrees to indemnify the Indemnified Parties and each of them and agrees to hold each of them harmless from and against any and all losses (other than loss of profits or consequential losses), liabilities, damages, costs, expenses and claims of any and every kind whatsoever (except those arising solely by reason of the fraud, gross negligence or wilful misconduct of an Indemnified Party) which may be imposed on, incurred by, or asserted against the Indemnified Parties or any of them arising by reason of any action or inaction or omission to act legally required of the Corporation or of any Affiliate (including as required pursuant hereto or pursuant to any other Loan Document).

ARTICLE 11 - GUARANTORS' OBLIGATIONS

11.1 **Guarantees**

(a) Each of Drycast Systems Inc. and Big Sky Management Consulting Corp. (the "Guarantors") hereby:

(i) unconditionally and irrevocably guarantees; and

(ii) is jointly and severally liable and obligated with the Corporation to the Investor for;

(A) the due and punctual payment of amounts of principal, interest or fees in respect of the Loan and all other amounts payable to the Investor by the Corporation under this Debenture or the Loan Documents, or any portion thereof; and

(B) all other obligations of the Corporation to the Investor under this Debenture or the Loan Documents;

(collectively the "Guaranteed Obligations").

(b) Without in any way limiting the foregoing, each of the Guarantors hereby unconditionally and irrevocably agrees and covenants with the Investor that:

(i) the Guaranteed Obligations shall be a guarantee of payment and not merely of collection and shall be a primary obligation of each of the Guarantors;

(ii) it will pay duly and punctually all its Guaranteed Obligations under the terms of this Agreement;

(iii) its Guaranteed Obligations shall not be affected by any act, omission or circumstances which but for this provision might operate to release or otherwise exonerate it from such Guaranteed Obligations or limit or reduce or otherwise affect such Guaranteed Obligations including without limitation and whether or not known to it or the Investor:

(A) any time or indulgence granted to or composition with the Corporation or any other Person;

(B) the variation, extension, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any terms of this Agreement, the Loan, the Loan Documents or any rights or remedies against, or security granted by, the Corporation or any other Person; or

(C) any irregularity or unenforceability of any obligations of the Corporation or any other Person under this Agreement, the Loan, the Loan Documents, any Guaranteed Obligations or any present or future law or order of any government or authority (whether of right or in fact) purporting to reduce or otherwise affect any of such obligations, it being the intent that its Guaranteed Obligations under this Agreement shall remain in full force and this Agreement shall be construed accordingly as if there were no such irregularity, unenforceability, law or order;

(iv) it waives any right it may have of first requiring the Investor, before enforcing its rights against it, to proceed against or claim payment from the Corporation or any other Person or enforce any Security; and

(v) if any claim is made by the Investor against it under this Agreement and is not entirely and irrevocably paid and discharged, it shall not have the right to rank as a creditor in competition with the Investor in the bankruptcy, liquidation or dissolution of the Corporation and shall not attempt to do so until payment in full of all indebtedness and liabilities which may be owing by the Corporation to the Investor under this Agreement and the Loan.

The Guaranteed Obligations shall survive the repayment thereof and shall be reinstated as to any Guaranteed Obligations incurred prior to the termination hereof if any payment of any Guaranteed Obligation is at any time rescinded or must otherwise be returned as a result of the bankruptcy, insolvency or reorganization of any of the Corporation and/or any Guarantor, all as though such payment had not been made.

ARTICLE 12 - MISCELLANEOUS

12.1 Evidence of Debt

The indebtedness of the Corporation in respect of or in connection with the Loan shall, absent manifest or clerical error, be conclusively evidenced by the books and records of the Investor.

12.2 **Additional Expenses**

If the Corporation fails to observe or perform any material covenant or agreement to be observed or performed by the Corporation hereunder, the Investor may, but shall not be obliged to, perform or cause to be performed the same for which purpose the Corporation hereby appoints the Investor to be the lawful attorney of the Corporation, and all reasonable expenses incurred and payments made by the Investor in so doing shall be paid by the Corporation to the Investor forthwith upon demand by the Investor and any such unpaid amount shall bear interest both before and after judgment, at the Interest Rate, calculated and compounded monthly in arrears.

12.3 **Invalidity of any Provisions**

If one or more of the provisions of the Loan Documents shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein shall not in any way be affected or impaired thereby and no such invalidity shall affect the obligation of the Corporation to repay the Loan.

12.4 **Amendments, Waivers**

This Debenture may be amended in writing with the consent and agreement of the Corporation and the Investor. No failure to exercise and no delay in exercising any right, power or privilege under this Debenture or any of the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Debenture preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Any such amendment or waiver shall be binding upon the Corporation and the Investor, and shall be for such period and subject to such conditions as shall be specified in the instrument containing such amendment or waiver. In the case of any such waiver of an Event of Default, the Corporation and the Investor shall be restored to their former positions and rights under this Debenture and any Event of Default so waived shall be deemed to be cured and not continuing, provided that no such waiver or amendment shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The remedies herein provided are cumulative and not exclusive of any other rights or remedies available at or provided by law.

12.5 **Waiver**

The Corporation hereby agrees with the Investor that:

(a) *The Land Contracts (Actions) Act (Saskatchewan)* shall have no application to any action, as defined in *The Land Contract (Actions) Act*, with respect to this Debenture;

(b) *The Limitation of Civil Rights Act* (Saskatchewan), as well as Part IV of *The Saskatchewan Farm Security Act* shall have no application to:

  (i) this Debenture;

  (ii) any mortgage, charge or other security for the payment of money made, given or created by this Debenture;

  (iii) any agreement or instrument renewing or extending or collateral to this Debenture or renewing or extending or collateral to any mortgage, charge or other security; or

(iv) the rights, powers or remedies of the Investor under this Debenture or under any mortgage, charge or other security agreement or instrument referred to or mentioned in paragraphs 12.5(b)(i) through 12.5(b)(iii);

(c) the Corporation hereby waives the right to receive a copy of any financing statement or financing change statement, or any statement issued by any registry that confirms the registration of a financing statement or financing change statement, relating to this Debenture, the Security Agreement or any other agreement between the Corporation and the Investor.

12.6 **Notices**

A notice or any other communication to be given in connection with this Debenture shall, except as otherwise permitted hereunder, be in writing personally delivered:

(a) if to the Investor, to it at:

Golden Opportunities Fund Inc.
1300-410 22nd Street East
Saskatoon, SK S7K 5T6
Attention: Ulrich Felbermayr, Senior Investment Manager
Fax: (306) 652-8186

with a copy to:

Scharfstein Gibbings Walen & Fisher LLP
500, 111 – 2nd Avenue South
Saskatoon, Saskatchewan S7K 1K6
Attention: James M. Scharfstein
Fax: (306) 652-4747

(b) if to the Corporation, or any Affiliate, to it at:

Big Sky Farms Inc.
Box 610, 905-5th Avenue
Humboldt, Saskatchewan, S0K 2A0
Attention: President
Fax: (306) 682-5042

with a copy to:

McKercher, McKercher & Whitmore, LLP
Barristers & Solicitors
374 Third Avenue South,
Saskatoon, Saskatchewan S7K 1M5
Attention: Paul D. Grant
Fax: (306) 653-2669

or by facsimile or telecopy transmission or similar means of recorded communication, or to such other address or facsimile or telecopy number as a party hereto may from time to time designate to the other party hereto in such manner. All such notices and communications shall, when required or permitted to be delivered or confirmed hereunder by facsimile transmission, be effective when so delivered or confirmed.

12.7 **Costs, Expenses and Taxes**

The Corporation shall pay to the Investor on demand all reasonable costs and expenses (including, without limitation, all legal fees and disbursements) incurred by the Investor in connection with the Loan Documents, including, without limitation:

(a) the negotiation, preparation, execution and delivery, up to and including the Closing Date, of the Loan Documents or any agreement or instrument contemplated thereby;

(b) the interpretation of or performance by the Investor of its obligations and duties under the Loan Documents;

(c) on-site inspections by the Investor or its representatives;

(d) necessary advice of counsel with respect to the administration of or other matters relating to Loan, the Loan Documents or any transaction contemplated thereunder;

(e) any amendments, waivers or consents requested by the Corporation pursuant to the provisions hereof or any Loan Document.

12.8 **No Investor Liability**

The Corporation acknowledges that the Investor has requested and reviewed and may in the future request and review the information pertaining to the establishment of the Loan. The Corporation hereby agrees that, in the course of undertaking such due diligence investigation, the Investor has not influenced and shall not influence or exercise control over the Corporation's decisions regarding the Loan, and that any and all determinations which the Investor has made or may make, or opinions which it or any of its respective employees may express in the course of such investigations have been, and shall be made or expressed as the case may be, solely for its own purpose acting in good faith. The Corporation further expressly agrees that the Investor may disclose to any potential assignee or participant of all or a part of the Loan any and all business and affairs without incurring any liability to the Corporation for so doing; provided that such potential assignee executes a confidentiality agreement in favour of the Corporation and agrees to treat such information as confidential in accordance with procedures and standards of confidentiality no less rigorous than those maintained by the Investor.

12.9 **Confidentiality and Authorization**

The Investor acknowledges and agrees that it shall maintain all Confidential Information in strict confidence and shall not disclose or permit the disclosure of any Confidential Information to any Person without the prior consent of the Corporation, provided that such obligations of confidentiality shall not apply to information which (a) is in the public domain through no fault of the Investor; (b) is independently developed by the Investor without reference to or knowledge of the Corporation's Confidential Information, (c) the Investor is compelled by statute or law to disclose or is compelled to disclose by a court of competent jurisdiction, provided that the Investor provides the Corporation with timely notice of such compulsion and that the Investor discloses only such Confidential Information as legally required; or (d) is disclosed to its employees, agents, affiliates, legal or accounting advisors or investment committee or as otherwise required by legislation, regulation, order or similar provisions applicable to the Investor. The provisions of this Section 12.9 shall survive payment or performance (as the case may be) of all Obligations owing by the Corporation pursuant to this Debenture.

Notwithstanding the foregoing and subject to any restrictions set out in the following paragraph, the Corporation authorizes and consents to reproduction, disclosure and use by the Investor of information about the Corporation and the Affiliates (including, without limitation, names and any identifying logos) and the transaction(s) (the "Financings") herein contemplated of contemplated in the Investment Agreement (all such information being called the "Information") solely to enable the Investor to publish promotional "tombstones" and other forms of notices of the Financings in any manner and in any media (including, without limitation, brochures and on its website). The Corporation acknowledges and agrees that the Investor shall be entitled to determine, in its discretion, whether to use the Information, that no compensation will be payable by the Investor resulting therefrom and that the Investor shall have no liability whatsoever to the Corporation, the Affiliates or any of their respective employees, officers, directors, affiliates or shareholders in obtaining and using the Information in accordance with this Section.

No press release or other announcement concerning the transactions contemplated by this Agreement or the Investment Agreement shall be made by the Corporation or its Subsidiaries or by the Investor without the prior written consent of the other (such consent not to be unreasonably withheld) provided, however, that any party may, without such consent, make such disclosure if the same is required by an Official Body having jurisdiction over such party or any of its Affiliates. If such disclosure is required, the party making the disclosure shall use reasonable efforts to give prior oral or written notice to the other and the parties shall in good faith attempt to agree upon the language and timing of such disclosure; provided that if such prior notice is not possible, the party making the disclosure shall give such notice immediately following the making of such disclosure.

12.10 **Governing Law**

This Debenture shall be governed by, and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

12.11 **Consent to Jurisdiction**

The Corporation hereby irrevocably submits to the non-exclusive jurisdiction of the Courts of the Province of Saskatchewan in respect of any action, suit or proceeding arising out of or relating to the Loan Documents and the Loan and hereby irrevocably agrees that all claims in respect of any such action, suit or proceeding may be heard and determined in any such Saskatchewan Court. The Corporation hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Nothing in this Section shall affect the rights of the Investor to bring any action or proceeding against the Corporation or the Collateral in the courts of any other jurisdictions.

12.12 **Binding Effect**

This Debenture shall be binding upon the Corporation and its successors and permitted assigns and shall enure to the benefit of the Investor and its successors and assigns.

12.13 **Assignment and Participation**

The Corporation shall not assign its rights and obligations hereunder or any interest herein without the prior written consent of the Investor (acting reasonably). This Debenture may be assigned by the Investor to one or more Canadian financial institutions upon written notice to, but without the consent of, the Corporation, provided that any assignment made hereunder shall become effective when the Corporation has been notified thereof by the Investor and the Corporation has received an acknowledgement from the assignee to be bound by this Debenture and the other Loan Documents. Any such assignee shall be treated as a party to this Debenture for all purposes of this Debenture and the other Loan Documents and shall be entitled to the full benefit hereof and thereof and shall be subject to the obligations of the Investor to the same extent as if it were an original party in respect of the rights assigned to it and obligations assumed by it and the Investor in making such assignment shall be released and discharged accordingly. Notwithstanding the foregoing, the Investor may not assign this Debenture to a competitor of the Corporation unless an Event of Default has occurred and is continuing. The Corporation shall execute any and all documents reasonably required by the Investor in connection with any such assignment or participation, provided that such documents do not prejudice the rights of the Corporation under this Debenture or result in any increase in interest, costs or fees payable by the Corporation.

12.14 **Discharge of Security**

Until the Security under and in accordance with the Loan Documents shall have become enforceable, the Corporation shall have quiet possession of the Collateral. Upon payment by the Corporation, its successors or permitted assigns, of all indebtedness and liability of the Corporation to the Investor secured by the Loan Documents and the fulfillment of all other obligations of the Corporation to the Investor secured by the Loan Documents and provided that the Investor is then under no obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Corporation, the Investor shall, upon request in writing by the Corporation, deliver to the Corporation, in a timely manner and discharge, at its own expense, the Debenture and release the Security.

12.15 **Headings**

The headings in this Debenture are included for convenience of reference only, and shall not constitute a part of this Debenture for any other purpose.

12.16 **Withholding Tax**

The Corporation hereby agrees that any payments made by it to the Investor pursuant to the Loan Documents shall be free and clear of any tax imposed under the ITA. If any such tax is imposed on the Investor, or the Corporation is obligated to withhold any such tax from any payments to the Investor, the Corporation shall increase the amount paid to the Investor such that the amount the Investor receives after the imposition of such tax will be the same as the amount it would have received if such tax or withholding were not imposed, provided the above provisions shall not apply if the Investor or any Person to whom this Debenture is assigned is or becomes a "non-resident" as defined in the ITA.

12.17 **Facsimile**

This Debenture may be executed by facsimile, which shall be deemed to be an original.

12.18 **English Only Clause**

It is the express wish of the Corporation that this Debenture and any related documents be drawn up and executed in English.

IN WITNESS WHEREOF, the Corporation and the Guarantors have executed and delivered this Debenture as of the 16 day of October, 2006.

BIG SKY FARMS INC.

By: ______________________________
Florian Possberg
President & CEO

By: ______________________________
Michael Deutscher
Senior Vice President and Chief Financial Officer

DRYCAST SYSTEMS INC.

By: ______________________________
Florian Possberg
President

By: ______________________________
Michael Deutscher
Secretary-Treasurer

BIG SKY MANAGEMENT CONSULTING CORP.

By: ______________________________
Florian Possberg
President

By: ______________________________
Michael Deutscher
Secretary-Treasurer

Acknowledged this ___ day of October, 2006.

GOLDEN OPPORTUNITIES FUND INC.

By:______________________________

____

12.18 **English Only Clause**

It is the express wish of the Corporation that this Debenture and any related documents be drawn up and executed in English.

IN WITNESS WHEREOF, the Corporation and the Guarantors have executed and delivered this Debenture as of the 16 day of October, 2006.

BIG SKY FARMS INC.

By: __________________________
Florian Possberg
President & CEO

By: __________________________
Michael Deutscher
Senior Vice President and Chief Financial Officer

DRYCAST SYSTEMS INC.

By: __________________________
Florian Possberg
President

By: __________________________
Michael Deutscher
Secretary-Treasurer

BIG SKY MANAGEMENT CONSULTING CORP.

By: __________________________
Florian Possberg
President

By: __________________________
Michael Deutscher
Secretary-Treasurer

Acknowledged this ___ day of October, 2006.

GOLDEN OPPORTUNITIES FUND INC.

By: __________________________
DOUG BANZET
CFO + DIRECTOR

Schedule "A"

LIST OF SECURITY DOCUMENTS TO BE GRANTED TO EACH INVESTOR (ON A PARI PASSU BASIS)

(a) Debenture;

(b) General Security Agreement of the Corporation granted in favour of the Investor;

(c) Mortgage over all Real Property;

(d) Guarantees of the obligations of the Corporation by each of the Affiliates;

(e) General Security Agreements of each of the Affiliates, securing all of the present and after acquired property of the Affiliates;

(f) Assignment by the Corporation (or the Affiliates) to each of the Debenture Holders of a life insurance policy on the life of Florian Possberg in a minimum amount of $1,000,000.00 each;

(g) Assignment of rights under all insurance policies (other than Directors and Officers Insurance) of the Corporation and Affiliates naming the Investor as a loss payee (on a Pari passu basis with the other Debenture Holders), subordinate only to the Senior Lenders or as otherwise agreed by the Investor;

(h) Officer's Certificates and certified resolutions of the Board of Directors of the Corporation and each of the Affiliates;

(i) Direction to Pay; and

(j) Pre-Authorized Payment Form.

SCHEDULE "B"

EMPLOYMENT MATTERS

1. Florian Possberg (President and CEO) and Michael Deutscher (Senior VP and CFO) have formal written employment contracts with the Corporation each dated August 31, 1998. Darryl Possberg (VP of Production) and Phil Dykstra (VP of Corporate Development) have written employment agreements with the Corporation that took effect July 1, 2006 and July 11, 2006 respectively. Copies of these written agreements have been provided to the Debenture Holders. Note, the annual salaries and bonuses contemplated by these written agreements are reviewed and may be changed annually. The salaries and bonuses currently in effect for these senior management personnel are as described in paragraphs 2 and 3 below. Other than with respect to the above named, officers and directors of the Corporation and/or its Affiliates do not generally have formal written employment contracts.

2. The current pay scales for senior management of the Corporation, including but not limited to the officers referred to in paragraph 1 above, are as set forth in the document entitled "2006 Pay Scale for Senior Management" a copy of which has been provided to the Debenture Holders.

3. Certain management personnel participate in a Management Incentive Program, the current terms of which are described in the document entitled "Big Sky Farms 2006 Management Incentive Plan", a copy of which has been provided to the Debenture Holders.

4. Generally, all employees, including senior management personnel, are eligible for additional benefits as summarized in the document entitled "Big Sky Farms Benefit Programs", a copy of which has been provided to the Debenture Holders.

5. Stock Options – All directors, officers and employees of the Corporation and its Affiliates are eligible to participate in the Stock Option Plan and Management Incentive Program, which is described in Note 3 of Appendix B of Schedule 3.1.5 of the Investment Agreement. To date options have only ever been granted to officers and management level employees as indicated in that Appendix.

6. Employee Share Purchase Plan – In January ,2000 the Corporation, in conjunction Big Sky Employee Fund Inc (the Employee Fund"), a "Type B corporation" under *The Labour-Sponsored Venture Capital Corporations Act* (Saskatchewan), adopted an Employee Share Purchase Program (the "Plan"). Employees participate in the Plan by purchasing common shares of the Employee Fund, which in turn uses the proceeds to purchase common shares of the Corporation under a Framework Share Purchase and Subscription Agreement made between the Corporation and the Employee Fund dated February 18, 2000 (the "Framework Agreement"). Shares of the Fund are generally offered once per year, in January or February. Investors receive LSVCC tax credits, the shares are RRSP eligible and the Corporation provides loans to investor / employees for up to the entire purchase price, which loans are repaid through payroll deductions. Total investment in the Employee Fund (net of redemptions) to date exceeds $1,300,000 by at total of approximately 120 employees / investors. The Employee Fund currently owns 340,702 common shares of the Corporation. Certain shareholders, officers or directors of the Corporation (and/or members of their immediate family) who are full-time employees of the Corporation and/or its Affiliates have received loans from the Corporation to finance their purchase of shares of the Employee Fund pursuant to the Plan. All such loans were made on the same terms that apply to any employee that participates in the Plan.

7. Directors Compensation – Directors compensation is determined by the Board based on recommendations of the Corporate Governance Committee. Effective as and from November 16, 2006 the compensation policy has been as follows:

1. Board	
a) Chair – Retainer	$25,000 per annum
b) Member – Retainer	$12,000 per annum
c) Meetings – in person -by telephone	$1,000 per meeting $500 if greater than two hours $300 if less than two hours
2. Committees	
a) Chair – Retainer	$2,000 per annum
b) Member – Retainer	None
c) Meetings – in person -by telephone	$1,000 per meeting $500 if greater than two hours $300 if less than two hours
3. Travel	Actual expenses incurred Meeting rate if travel time is greater than 5 hours
Note: Fees are not payable to directors who are employees or partners of the Company, ISI or CCP (i.e. CLIC or SGGF) as per the existing Shareholders Agreement	

8. All directors and officers are covered by the Corporation's Director's and Officer's Liability Insurance Policy, a summary of which has been provided to the Debenture Holders.

9. No trade union has been certified in respect of any of the Corporation's or its Affiliates' operations or employees, but the Corporation does negotiate pay scales and other benefits and terms of employment with its employees and/or committees of employees. Copies of the most recently available pay scales for unit manager assistant managers, junior managers, barn employees, head office staff, mill employees, maintenance staff and transportation department employees, respectively, have been provided to the Debenture Holders.

SCHEDULE "C"

DESCRIPTION OF INTELLECTUAL PROPERTY RIGHTS

All the right, title, benefit and interest of the Corporation and the Affiliates, in and to all registered or unregistered trademarks, trade or brand names, service marks, web sites, domain names and addresses, copyrights, moral rights, designs, specifications, drawings, diagrams, dies, blueprints, engineering or technical papers or documents, inventions, patents, patent applications, patent rights, (including moral rights, any patents issuing on such applications or rights), licences, sub-licenses, formulae, processes, technology and other industrial property of or pertaining to the business of the Corporation or its Affiliates, including but not limited to:

NIL

SCHEDULE "D"

LOCATIONS OF COLLATERAL - RELATED MATTERS

A. Municipal Addresses of Chief Executive Office

<u>The Corporation</u>

905 - 5th Avenue, P.O. Box 610, Humboldt, SK S0K 2A0

<u>Big Sky Management Consulting Corp.</u>

905 - 5th Avenue, P.O. Box 610, Humboldt, SK S0K 2A0

<u>Drycast Systems Inc.</u>

905 - 5th Avenue, P.O. Box 610, Humboldt, SK S0K 2A0

B. Jurisdictions in which Collateral is Located

Saskatchewan, and, in the case of the Corporation, Manitoba.

C. Location of Collateral

On or about the Real Property and/or Leased Property as described in the Investment Agreement.

SCHEDULE "E"

NON-ARMS LENGTH TRANSACTIONS

None, except:

1. Various shareholders from time to time provide goods or services to the Corporation, including, without limitation, delivering grain (e.g. various "KSS" shareholders), providing veterinarian services (e.g. AMSP and HSVS), advisory / brokerage services on group disability insurance or similar plans (Cliff Weigers) or contract finishing hogs (e.g. Casey Smit). All such goods and services are provided in the ordinary course of the Corporation's and/or the Affiliates' business and on commercially reasonable terms.

2. The Long Term Hog Supply Agreement with Maple Leaf Foods Inc. referred to in Schedule "F"

SCHEDULE "F"

MATERIAL CONTRACTS

1. Loan and security agreements relating to Senior Debt.

2. Leases, contract finishing agreements and related agreements as disclosed in Schedule 3.1.18 of Investment Agreement.

3. "Olywest Agreements" pursuant to which the Corporation, as a minority partner (27.4%) with Hytek Ltd. ("Hytek") (72.6%) in limited partnership called Golden Sunrise Foods Limited Partnership ("GSF"), has agreed, subject to numerous conditions as yet unsatisfied, to invest up to a maximum of $15,000,000 (invested to date approximately $1,200,000) in two other limited partnerships (both of which have or will be formed between GSF and Olymel Limited Partnership ("Olymel") including; OlyWest MB LP, which proposes to build a new slaughter plant in Winnipeg, Manitoba; and OlyWest AB LP which will acquire the existing Red Deer, Alberta slaughter plant now owned by Olymel. The "Olywest Agreements" include, collectively, dozens of agreements that have been or will be entered into as contemplated by a memorandum of understanding between Olymel, Golden Sunrise Foods Inc., the Corporation and Hytek, originally entered into as of April 5, 2005, as amended and restated as of the May 4, 2006, as amended August 11, 2006, and as the same may hereafter be further amended (the "OlyWest MOU"). If and when all of the transactions contemplated by the OlyWest MOU are completed, the Corporation is expected to hold, indirectly through GSF, an approximately 16% interest in the new, Winnipeg plant and an approximately 1.6% interest in the Red Deer plant and may enter into long-term supply contracts to sell up to approximately 600,000 hogs annually to such plants

4. Long Term Hog Supply Agreement with Maple Leaf Foods Inc (as assignee of Mitchell's Gourmet Foods Inc), made November 10 1998, as amended, pursuant to which the Corporation is obligated to sell and Maple Leaf to buy approximately 355,000 hogs annually (with a right of first refusal to purchase additional hogs, to a maxim of 500,000 annually) for a term expiring November 10, 2010.

5. Insurance with AON Reed Stenhouse Inc.

6. Securities trading contracts with RJ O'Brien and ScotiaMcLeod

7. Hog Sales - written contracts with:

   (a) Maple Leaf/Mitchell's - already disclosed

   (b) Olymel - 2500 hogs/week (expires January, 2007) - verbal agreement upon taking on cpv to increase to 7000/week but they've cut us back to 3500/week now

   (c) John Morrell & Co. - 2500-3500/week (one year expiring August, 2007)

8. Hog Sales _ verbal agreement - Hormel 550 -700 hogs/week

9. Grain purchases - no formal written contracts but several significant

10. Genetics - Contracts with Hypor Inc. and PIC

11. Other suppliers in excess of $500K

SCHEDULE "G"
SIMPLE CALCULATION OF ADDITIONAL INTEREST

A Date	B Year	C Days	D Principal Balance	E Principal Repayment	F Ending Balance	G Interest Pmt @ 12.5%	H Additional Interest @ 4% simple	I Settlement Fee	J Total Interest & Additional Int. Col. E + G + H + I
16-Oct	2006		1,500,000		1,500,000				(1,500,000.00)
Year 1									
15-Nov	2006	30	1,500,000		1,500,000	15,410.96	4,931.51		20,342.47
15-Dec	2006	30	1,500,000		1,500,000	15,410.96	4,931.51		20,342.47
15-Jan	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-Feb	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-Mar	2007	28	1,500,000		1,500,000	14,383.56	4,602.74		18,986.30
15-Apr	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-May	2007	30	1,500,000		1,500,000	15,410.96	4,931.51		20,342.47
15-Jun	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-Jul	2007	30	1,500,000		1,500,000	15,410.96	4,931.51		20,342.47
15-Aug	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-Sep	2007	31	1,500,000		1,500,000	15,924.66	5,095.89		21,020.55
15-Oct	2007	30	1,500,000		1,500,000	15,410.96	4,931.51		20,342.47
					1,500,000	186,986.30	59,835.62		246,821.92
Year 2									
15-Nov	2007	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Dec	2007	30	1,500,000		1,500,000	15,368.85	4,918.03		20,286.89
15-Jan	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Feb	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Mar	2008	29	1,500,000		1,500,000	14,856.56	4,754.10		19,610.66
15-Apr	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-May	2008	30	1,500,000		1,500,000	15,368.85	4,918.03		20,286.89
15-Jun	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Jul	2008	30	1,500,000		1,500,000	15,368.85	4,918.03		20,286.89
15-Aug	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Sep	2008	31	1,500,000		1,500,000	15,881.15	5,081.97		20,963.11
15-Oct	2008	30	1,500,000	300,000	1,200,000	15,368.85	4,918.03		320,286.89
					1,200,000	187,500	60,000		547,500.00
Year 3									

A	B	C	D	E	F	G	H	I	J
			Principal	Principal	Ending	Interest Pmt	Additional Interest		Total Interest & Additional Int.
Date	Year	Days	Balance	Repayment	Balance	@ 12.5%	@ 4% simple	Settlement Fee	Col. E + G + H + I
15-Nov	2008	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Dec	2008	30	1,200,000		1,200,000	12,328.77	3,945.21		16,273.97
15-Jan	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Feb	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Mar	2009	28	1,200,000		1,200,000	11,506.85	3,682.19		15,189.04
15-Apr	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-May	2009	30	1,200,000		1,200,000	12,328.77	3,945.21		16,273.97
15-Jun	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Jul	2009	30	1,200,000		1,200,000	12,328.77	3,945.21		16,273.97
15-Aug	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Sep	2009	31	1,200,000		1,200,000	12,739.73	4,076.71		16,816.44
15-Oct	2009	30	1,200,000	300,000	900,000	12,328.77	3,945.21		316,273.97
					900,000	150,000	48,000		498,000.00
Year 4									
15-Nov	2009	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Dec	2009	30	900,000		900,000	9,246.58	2,958.90		12,205.48
15-Jan	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Feb	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Mar	2010	28	900,000		900,000	8,630.14	2,761.64		11,391.78
15-Apr	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-May	2010	30	900,000		900,000	9,246.58	2,958.90		12,205.48
15-Jun	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Jul	2010	30	900,000		900,000	9,246.58	2,958.90		12,205.48
15-Aug	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Sep	2010	31	900,000		900,000	9,554.79	3,057.53		12,612.33
15-Oct	2010	30	900,000	300,000	600,000	9,246.58	2,958.90		312,205.48
					600,000	112,500	36,000		448,500.00
Year 5									
15-Nov	2010	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Dec	2010	30	600,000		600,000	6,164.38	1,972.60		8,136.99
15-Jan	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Feb	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Mar	2011	28	600,000		600,000	5,753.42	1,841.10		7,594.52
15-Apr	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-May	2011	30	600,000		600,000	6,164.38	1,972.60		8,136.99

A	B	C	D	E	F	G	H	I	J
			Principal	Principal	Ending	Interest Pmt	Additional Interest		Total Interest & Additional Int.
Date	Year	Days	Balance	Repayment	Balance	@ 12.5%	@ 4% simple	Settlement Fee	Col. E + G + H + I
15-Jun	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Jul	2011	30	600,000		600,000	6,164.38	1,972.60		8,136.99
15-Aug	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Sep	2011	31	600,000		600,000	6,369.86	2,038.36		8,408.22
15-Oct	2011	30	600,000	300,000	300,000	6,164.38	1,972.60		308,136.99
					300,000	75,000	24,000		399,000.00
Year 6									
15-Nov	2011	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Dec	2011	30	300,000		300,000	3,073.77	983.61		4,057.38
15-Jan	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Feb	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Mar	2012	29	300,000		300,000	2,971.31	950.82		3,922.13
15-Apr	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-May	2012	30	300,000		300,000	3,073.77	983.61		4,057.38
15-Jun	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Jul	2012	30	300,000		300,000	3,073.77	983.61		4,057.38
15-Aug	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Sep	2012	31	300,000		300,000	3,176.23	1,016.39		4,192.62
15-Oct	2012	30	300,000		300,000	3,073.77	983.61		4,057.38
						37,500.00	12,000.00		49,500.00
16-Oct	2012	1		300,000	-	102.74	32.88	75,334.38	375,470.00
						749,589.04	239,868.49	75,344.48	1,064,802.01

Final Payment

Principal	300,000.00
Interest for 1 day @ 12.5%	102.74
Accumulated Additional Interest @ 4%	239,868.49
Settlement fee for IRR of 16.5%	75,344.48
Total	615,315.71