

Deponent: David W. Johnson
Sworn: February 9, 2010

Action No. 1003 02/72

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

ROYAL BANK OF CANADA

- and -

Plaintiff

**ADVANTAGE OILFIELD GROUP LTD.,
NORTH PAW ENERGY SERVICES LTD.,
RANCO HOLDINGS LTD., 1208362 ALBERTA LTD.
and CHRISTOPHER BRUINS**

Defendants

AFFIDAVIT

I, David W. Johnson, of the City of St. Albert, in the Province of Alberta, MAKE OATH
AND SAY THAT:

1. I am an Account Manager employed by Royal Bank of Canada ("RBC"), the Plaintiff in these proceedings and as such have knowledge of the facts and matter hereinafter deposed to by me save where same are expressly stated to be based upon information and belief and where so stated I do believe the same to be true.
2. RBC is a bank to which the *Bank Act* (Canada) applies.
3. Advantage Oilfield Group Ltd. ("Advantage"), North Paw Energy Services Ltd. ("North") and Ranco Holdings Ltd. ("Ranco") are customers of RBC. I am the individual at RBC responsible for administering the accounts of Advantage, North and Ranco with RBC. I am authorized to swear this Affidavit on behalf of RBC.

4. Advantage, North and Ranco are related companies. Each such company has its registered office at 300, 10335 – 172 Street, Edmonton, Alberta. Christopher Bruins (“Christopher”) is a principal of each such company.
5. 1208362 Alberta Ltd. (“1208362”) is related to the remaining corporate Defendants. 1208362 has its registered office at 300, 10335 – 172 Street, Edmonton, Alberta and is controlled by Christopher.
6. Advantage, North and Ranco did operate in the oilfield service industry at numerous locations throughout Alberta. Advantage did recently sell substantial equipment through an auction and I am not aware if the corporate Defendants continue to actively conduct business operations.
7. Attached to my Affidavit collectively as Exhibit “A” are copies of Alberta Corporate Registry searches with respect to each of Advantage, North, Ranco and 1208362.
8. Advantage borrowed money from RBC which Advantage agreed to repay to RBC with interest. As a result of such borrowing, Advantage is directly indebted to RBC as follows:
 - (a) \$2,508,585.79 plus interest from and after January 13, 2010 at the rate of \$256.34 per day;
 - (b) \$1,141,632.58 plus interest from and after January 13, 2010 at the rate of \$117.45 per day;
 - (i) Visa (account 4641) - \$20,438.71;
 - (ii) Visa (account 4708) - \$10,163.41;
 - (iii) Visa (account 4856) - \$9,459.59;
 - (iv) Visa (account 4971) - \$10,182.70;
 - (v) Visa (account 5036) - \$10,260.58;
 - (vi) Visa (account 5218) - \$10,167.85;
 - (vii) Visa (account 3310) - \$10,304.95;
 - (viii) Total Visa \$80,977.79 plus interest thereon from and after January 13, 2010 upon such sum at the rate of 19.5 per cent per annum;
 - (c) Overdraft - \$172.43;

- (d) Payroll advance - \$12,411.61;
 - (e) Costs on a solicitor and his own client basis.
9. Attached to my Affidavit collectively as Exhibit "B" are copies of credit facility agreements dated January 24, 2008 and April 9, 2009 between Advantage and RBC with respect to the above referenced indebtedness.
10. Attached to my Affidavit as Exhibit "C" is a copy of a Visa card agreement between RBC and Advantage with a sample Visa account statement update showing the applicable Visa interest rate as being 19.5%. The interest rate is the same for each of the subject Visa accounts.
11. Attached to my Affidavit collectively as Exhibit "D" are true copies of entries in the ordinary books or records of RBC. The entries were made in the ordinary and usual course of business and the books and records were at the time of the entries one of the ordinary books or records of RBC. Exhibit "D" is evidence of the indebtedness of Advantage to RBC referenced above.
12. North borrowed money from RBC which North agreed to repay to RBC with interest. As a result of such borrowing, North is directly indebted to RBC as follows:
- (a) \$502,465.76 plus interest from and after January 13, 2010 at the rate of \$51.37 per day;
 - (b) Lease #27544 - \$9,419.92 plus interest thereon from and after February 6, 2010 at RBC's prime interest rate per annum in effect from time to time "Prime" plus 5.0 per cent;
 - (c) Lease #15364 - \$253,375.26 plus interest thereon from and after February 4, 2010 at the rate of Prime plus 5.0 per cent;
 - (d) Lease #10585- \$136,942.11 plus interest thereon from and after December 24, 2009 at the rate of Prime plus 5.0 per cent; and
 - (e) Overdraft - \$334.13;
 - (f) Costs on a solicitor and his own client basis.
13. Attached to my Affidavit collectively as Exhibit "E" are copies of agreements between RBC and North evidencing the above referenced indebtedness.

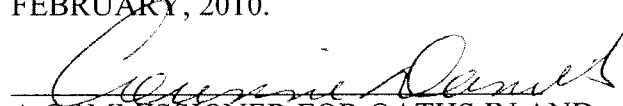
14. Attached to my Affidavit as Exhibit "F" are true copies of entries in the ordinary books or records of RBC. The entries were made in the usual and ordinary course of business and the books and records were at the time of the entries one of the ordinary books or records of RBC. Exhibit "F" is evidence of the indebtedness of North to RBC as referenced above.
15. Attached to my Affidavit as Exhibit "G" is a statement of lease indebtedness prepared by RBC's Leasing Department. I am advised by Wendy Smith of RBC Leasing and do believe that such Exhibit demonstrates the lease indebtedness of North to RBC as referenced above.
16. Ranco borrowed money from RBC which Ranco agreed to pay to RBC with interest. As a result of such borrowing, Ranco is directly indebted to RBC as follows:
 - (a) \$906,350.73 plus interest thereon from and after January 13, 2010 at the rate of \$79.96 per day; and
 - (b) Costs on a solicitor and his own client basis.
17. Attached to my Affidavit as Exhibit "H" is a copy of an Agreement dated August 21, 2008 between RBC and Ranco in relation to the above referenced indebtedness.
18. Attached to my Affidavit as Exhibit "I" are true copies of entries in the ordinary books or records of RBC. The entries were made in the usual and ordinary course of business and the books and records were at the time of the making of the entries one of the ordinary books or records of RBC. Exhibit "I" is evidence of the indebtedness of Ranco to RBC referenced above. The last draw of the Ranco loan was made October 16, 2008.
19. On or about August 26, 2008 Advantage granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Ranco up to the sum of \$1,000,000.00 plus interest thereon from demand at Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.
20. On or about January 28, 2008 1208362 granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of \$2,750,00.00 with interest from demand at Prime plus 1.5 per cent plus costs on a solicitor and his own client basis.

21. On or about January 28, 2008 Christopher granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of \$2,750,00.00 with interest from demand at Prime plus 1.5 per cent plus costs on a solicitor and his own client basis.
22. On or about April 4, 2008 Christopher granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of North (to RBC) for up to the sum of \$900,000 with interest from demand at Prime plus 3 per cent plus costs on a solicitor and his own client basis.
23. Attached to my Affidavit collectively as Exhibit "J" are copies of the above referenced guarantees and postponements of claim.
24. At all material times Ranco has been and remains the owner of the following lands:
 - Plan 0512216
 - Block 1
 - Lot 10
 - Excepting thereout all mines and minerals
 - Area: 0.761 hectares (1.88 acres) more or less (the "Land")Attached to my Affidavit as Exhibit "K" is a copy of the title to the Land.
25. By a mortgage (the "Mortgage") made under the *Land Titles Act* and registered in the Land Titles Office as instrument number 081329341, Ranco mortgaged to RBC the Land for securing payment of the sum of \$1,500,000.00 plus interest at a rate equal to Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.
26. Attached to my Affidavit as Exhibit "L" is a copy of the Mortgage.
27. There is due and owing to RBC pursuant to the Mortgage the sum of \$906,315.73 plus interest thereon from and after January 13, 2010 at the rate of Prime plus 1.0 per cent plus costs on a solicitor and his own client basis.
28. The Mortgage is payable upon demand. RBC has demanded payment pursuant to the Mortgage but Ranco has failed or neglected and continues to fail or neglect to pay all or any of the indebtedness evidenced and secured by the Mortgage.
29. By the Mortgage, Ranco covenanted with RBC to:

- (a) pay all liens, rates, charges or encumbrances on the Land which may fall due or be unpaid;
 - (b) insure buildings on the Land against damage by fire and other perils;
 - (c) keep the Land in good repair, maintain, restore and amend, keep, make good, finish, add to and put in order the Land; and
 - (d) in the event of any loss or damage or destruction of the Land, then, upon receipt of notice from RBC, to repair, rebuild or reinstate the Land.
30. In default of any or all of the above, RBC is entitled by the Mortgage to do the same and to add to the Mortgage all costs and expenses incurred by RBC in that regard and in respect of any proceedings taken to realize the monies secured by the Mortgage, including legal costs, taxed as between solicitor and client and an allowance for the time, work and expenses of RBC, its servants or agents.
31. All of the above direct and guaranteed indebtedness is due and owing from the Defendants to RBC. RBC has demanded payment of the direct and guaranteed indebtedness of the Defendants to RBC but the Defendants have failed and/or neglected and continue to fail and/or neglect to pay any or all of such indebtedness to RBC. The effective date of the demand for all corporate indebtedness that is the subject of this Affidavit is December 1, 2009.
32. Attached to my Affidavit as Exhibit "M" are copies of Affidavits of Service in relation to the demands for payment.
33. Each of Advantage, North and Ranco did grant to RBC a separate general security agreement securing all of their respective present and after acquired personal and other property in favour of RBC. Such security agreements secure all direct and guaranteed indebtedness of each of Advantage, North and Ranco in favour of RBC.
34. Attached to my Affidavit collectively as Exhibit "N" are copies of the general security agreements granted by each of Advantage, North and Ranco respectively.
35. Default has been made in payment of the principal sums and interests secured pursuant to each of the general security agreements granted by each of Advantage, North and Ranco respectively in favour of RBC.

36. Attached to my Affidavit as Exhibits "O", "P" and "Q" respectively are copies of Alberta Personal Property Registry search results with respect to Advantage, North and Ranco.
37. The Defendant corporate borrowers no longer deposit with RBC and have not been providing current financial or margin information to RBC. The most current margining information available to RBC with respect to Advantage is as at June 30, 2009 and the most current margining information available to RBC with respect to North is May 31, 2009.
38. RBC has been informed by counsel for Advantage (Mr. Bentz) that Advantage is being sued as a result of an employee fatality and that such litigation will impede the efforts of Advantage in attempting to secure third party investment.
39. The Personal Property Registry search result of Advantage demonstrates that a Writ of Enforcement is outstanding against Advantage in favour of Fast Forward Horizontal Directional Drilling (2004) Ltd. in the amount of \$19,583.80.
40. The corporate Defendants have been unable or unwilling to provide RBC with any verifiable evidence demonstrating the likelihood of refinancing or repayment of the outstanding indebtedness to RBC.
41. I make this Affidavit *bona fide* in support of an application for a Receivership Order on the terms of the Order attached as a Schedule to a Notice of Motion filed concurrently with this Affidavit or on such further and other terms as this Honourable Court may direct.

SWORN BEFORE ME AT THE CITY
OF EDMONTON, IN THE PROVINCE
OF ALBERTA, THIS 9 DAY OF
FEBRUARY, 2010.

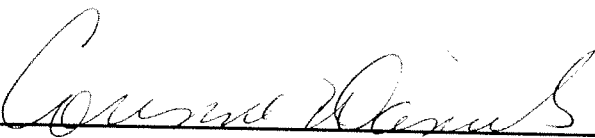

A COMMISSIONER FOR OATHS IN AND
FOR THE PROVINCE OF ALBERTA


DAVID W. JOHNSON

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010

**This is Exhibit "A" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010

Alberta Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2010/02/08
Time of Search: 10:56 AM
Search provided by: FRASER MILNER CASGRAIN, EDM

Service Request Number: 14273611
Customer Reference Number: 125665.8158

Corporate Access Number: 209413731

Legal Entity Name: ADVANTAGE OILFIELD GROUP LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
941373 ALBERTA LTD.	2003/03/29
ADVANTAGE PIPELINE & OILFIELD LTD.	2003/07/07

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2001/06/28 YYYY/MM/DD

Registered Office:

Street: #300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Records Address:

Street: #300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Directors:

Last Name: BRUINS
First Name: CHRISTOPHER
Street/Box Number: BOX 22007, MEDICINE HAT CORE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5

Voting Shareholders:

Legal Entity Name: 1208362 ALBERTA LTD.
Corporate Access Number: 2012083628
Street: BOX 22007 MEDICINE HAT CORE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 80

Legal Entity Name: 1228244 ALBERTA LTD.
Corporate Access Number: 2012282444
Street: 928 THORNEYCROFT DRIVE NW
City: CALGARY
Province: ALBERTA
Postal Code: T2K 5M1
Percent Of Voting Shares: 6

Legal Entity Name: 1267365 ALBERTA LTD.
Corporate Access Number: 2012673659
Street: 71 HUNT CRESCENT NE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1C 1X8
Percent Of Voting Shares: 5

Legal Entity Name: 1301798 ALBERTA LTD.
Corporate Access Number: 2013017989
Street: 4, 93 COOPER ROAD SE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1B 1K3
Percent Of Voting Shares: 9

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE A

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

Min Number Of Directors: 1

Max Number Of Directors: 15

Business Restricted To: N/A

Business Restricted From: N/A

Other Provisions: SEE SCHEDULE B

Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2008	2008/12/02

Outstanding Returns:

Annual returns are outstanding for the 2009 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2001/06/28	Incorporate Alberta Corporation
2003/07/07	Name Change Alberta Corporation
2006/05/29	Change Address
2008/04/25	Change Director / Shareholder
2008/12/02	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2001/06/28
Other Rules or Provisions	ELECTRONIC	2001/06/28

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



Alberta Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2010/02/08
Time of Search: 10:57 AM
Search provided by: FRASER MILNER CASGRAIN, EDM

Service Request Number: 14273622
Customer Reference Number: 125665.8158

Corporate Access Number: 2013089749

Legal Entity Name: NORTH PAW ENERGY SERVICES LTD.

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date: 2007/03/20 YYYY/MM/DD

Registered Office:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Records Address:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Directors:

Last Name: BJELLAND
First Name: JASON
Middle Name: CHESTER
Street/Box Number: 9445 90A STREET
City: GRANDE PRAIRIE
Province: ALBERTA

Postal Code: T8X 0A2

Voting Shareholders:

Legal Entity Name: 1208362 ALBERTA LTD.
Corporate Access Number: 2012083628
Street: PO BOX 22007, MEDICINE HAT CORE PO
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 88

Legal Entity Name: 1228244 ALBERTA LTD.
Corporate Access Number: 2012282444
Street: PO BOX 22007, MEDICINE HAT CORE PO
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 4

Legal Entity Name: 1267365 ALBERTA LTD.
Corporate Access Number: 2012673659
Street: PO BOX 22007, MEDICINE HAT CORE PO
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 4

Legal Entity Name: 1301798 ALBERTA LTD.
Corporate Access Number: 2013017989
Street: PO BOX 22007, MEDICINE HAT CORE PO
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 4

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: THE ATTACHED SCHEDULE "A" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Share Transfers Restrictions: THE ATTACHED SCHEDULE "B" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE.

Business Restricted From: NONE.

Other Provisions: THE ATTACHED SCHEDULE "C" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2009	2009/04/30

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/03/20	Incorporate Alberta Corporation
2007/08/28	Change Director / Shareholder
2009/04/30	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/03/20
Restrictions on Share Transfers	ELECTRONIC	2007/03/20
Other Rules or Provisions	ELECTRONIC	2007/03/20

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



Alberta Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2010/02/08
Time of Search: 10:57 AM
Search provided by: FRASER MILNER CASGRAIN, EDM

Service Request Number: 14273632
Customer Reference Number: 125665.8158

Corporate Access Number: 2011056815

Legal Entity Name: RANCO HOLDINGS LTD.

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Method of Registration: Amalgamation

Registration Date: 2004/04/30 YYYY/MM/DD

Registered Office:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Records Address:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Directors:

Last Name: BRUINS
First Name: CHRISTOPHER
Street/Box Number: BOX 22007, MEDICINE HAT CORE
City: MEDICINE HAT
Province: ALBERTA

Postal Code: T1A 8M5

Voting Shareholders:

Legal Entity Name: 1208362 ALBERTA LTD.

Corporate Access Number: 2012083628

Street: 300, 10335 172 ST

City: EDMONTON

Province: ALBERTA

Postal Code: T5S 1K9

Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED HERETO.

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

Min Number Of Directors: 1

Max Number Of Directors: 10

Business Restricted To: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS WHICH THE CORPORATION MAY CARRY ON.

Business Restricted From: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS WHICH THE CORPORATION MAY CARRY ON.

Other Provisions: THE NUMBER OF THE CORPORATION'S SHAREHOLDERS IS LIMITED TO NOT MORE THAN 50. AN INVITATION TO THE PUBLIC TO SUBSCRIBE FOR THE CORPORATION'S SECURITIES IS PROHIBITED.

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
208788182	878818 ALBERTA LTD.
202067443	RANCO HOLDINGS LTD.

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2009	2009/04/15

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2004/04/30	Amalgamate Alberta Corporation
2005/08/09	Change Director / Shareholder
2007/12/03	Change Address
2008/04/16	Name/Structure Change Alberta Corporation
2009/04/15	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2004/04/30
Statutory Declaration	10000601000583923	2004/04/30
Share Structure	ELECTRONIC	2004/09/27
Share Structure	ELECTRONIC	2004/11/23
Share Structure	ELECTRONIC	2008/04/16

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



Alberta Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2010/02/08
Time of Search: 10:58 AM
Search provided by: FRASER MILNER CASGRAIN, EDM

Service Request Number: 14273637
Customer Reference Number: 125665.8158

Corporate Access Number: 2012083628
Legal Entity Name: 1208362 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2005/12/03 YYYY/MM/DD

Registered Office:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Records Address:

Street: 300, 10335 - 172 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5S 1K9

Directors:

Last Name: BRUINS
First Name: CHRIS
Street/Box Number: PO BOX 22007, M.H. CORE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5

Voting Shareholders:

Last Name: BRUINS
First Name: CHRIS
Street: BOX 22007, MEDICINE HAT CORE
City: MEDICINE HAT
Province: ALBERTA
Postal Code: T1A 8M5
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED.

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

Min Number Of Directors: 1

Max Number Of Directors: 15

Business Restricted To: N/A

Business Restricted From: N/A

Other Provisions: SEE SCHEDULE "B" ATTACHED.

Holding Shares In:

Legal Entity Name
BRUINS HOLDINGS (1983) LTD.
ADVANTAGE OILFIELD GROUP LTD.
RANCO HOLDINGS LTD.
NORTH PAW ENERGY SERVICES LTD.
1311763 ALBERTA LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2009	2010/02/01

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2005/12/03	Incorporate Alberta Corporation
2005/12/08	Change Director / Shareholder
2010/02/01	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

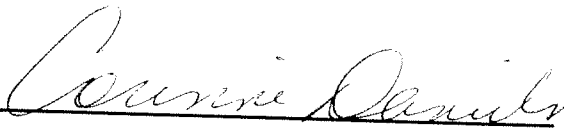
Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2005/12/03
Other Rules or Provisions	ELECTRONIC	2005/12/03

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



**This is Exhibit "B" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010



Royal Bank of Canada
Commercial Financial Services
580 3rd Street S.E.
Medicine Hat, Alberta T1A 0H3
Tel.: (403) 528-6427
Fax: (403) 529-0557
Email: wayne.horb@rbc.com

January 24, 2008

Private and Confidential

ADVANTAGE OILFIELD GROUP LTD.
P.O. Box 22007
RPO Med Hat Core
Medicine Hat, Alberta
T1A 8M5

ROYAL BANK OF CANADA (the "Bank") hereby offers the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). Unless otherwise provided, all dollar amounts are in Canadian currency.

BORROWER: Advantage Oilfield Group Ltd. (the "Borrower")

CREDIT FACILITIES

Facility #1: \$2,000,000 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$5,000	Minimum retained balance:	\$0
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.5%

AVAILABILITY

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time.

- a) Borrowings outstanding under this facility must not exceed at any time 75% of Good Accounts Receivable, less Potential Prior-Ranking Claims (the "Facility #1 Borrowing Limit").

REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

GENERAL ACCOUNT

The Borrower shall establish a current account with the Bank (the "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility; and

* Registered Trademark of Royal Bank of Canada

- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, under this facility.

Facility #2 \$3,200,000 non-revolving term facility by way of:

- a) RBP Loans Interest rate (per annum): RBP + 1.5%

AVAILABILITY

The Borrower may borrow up to the amount of this term facility provided:

- a) this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time; and
- b) Borrowings under this facility must not exceed at any time the lesser of \$3,200,000 or the amount of the debt repayment, excluding fees, to Prospect Capital Corporation (the "**Facility #2 Borrowing Limit**").

REPAYMENT

Payment Amount:	\$99,000	Payment Frequency:	Monthly
Payment Type:	Blended	First payment date:	30 days from drawdown
Repayable in full on:	The last day of a 1 year term from drawdown	Original Amortization (months)	36
The Bank may, at its discretion, adjust payments periodically, if necessary, to ensure payment in full of all Borrowings within the stated amortization period.			

OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "**Other Facilities**"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- a) VISA Business to a maximum amount of \$80,000.

FEES

One Time Fee:

Payable upon acceptance of this Agreement.

Arrangement Fee: \$10,000

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "**Security**"), shall include:

- a) General security agreement – floating charge on land on the Bank's form 923 signed by the Borrower constituting a first floating charge on all present and after-acquired real property of the Borrower and a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$2,750,000 signed by Chris Bruins;
- c) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$2,750,000 signed by 1208362 Alberta Ltd.;

- 8
- d) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$1,000,000 signed by 419755 Alberta Ltd., supported by a collateral mortgage on the Bank's form 913 in the amount of \$650,000 constituting a ~~first~~ fixed charge on the lands and improvements legally described as Plan 3476, Block 47, Lots 15, 16 and S 10 Ft of 17;
 - e) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$1,000,000 signed by Ranco Holdings Ltd., supported by a collateral mortgage on the Bank's form 913 in the amount of \$1,000,000 constituting a second fixed charge on the lands and improvements legally described as Lot 8, Block 1, Plan 0012509 and Lot 2, Block 1, Plan 9912981, subject to a first charge in favour of Royal Bank of Canada, Medicine Hat, Alberta (the "Ranco Property");
 - f) Postponement and assignment of claim on the Bank's form 918 signed by Bruins Holdings Ltd.; and
 - g) Postponement and assignment of claim on the Bank's form 918 signed by 374015 Alberta Ltd.

FINANCIAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility and while any availability exists under any facility which is not a discretionary facility the Borrower covenants and agrees with the Bank that the Borrower will:

- a) maintain, to be measured as at the end of each fiscal quarter:
 - i. Debt Service Coverage, calculated on a rolling 4 quarters basis for the fiscal quarter then ended and the immediately preceding 3 fiscal quarters, of not less than 1.25:1;
 - ii. a ratio of Funded Debt to EBITDA, calculated on a rolling 4 quarters basis for the fiscal quarter then ended and the immediately preceding 3 fiscal quarters, of not greater than 2.5:1; and
 - iii. a ratio of Total Liabilities to Equity of not greater than 1.5:1.
- b) not to, without the prior written consent of the Bank:
 - i. make any Corporate Distributions.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate, substantially in the form of Schedule "C" signed on behalf of the Borrower by any one of the Chief Executive Officer, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 20 days of each month end;
- b) monthly company prepared financial statements for the Borrower, within 20 days of each month end;
- c) quarterly Compliance Certificate, substantially in the form of Schedule "D" signed by an authorized signing officer of the Borrower, within 20 days of each fiscal quarter end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- d) annual review engagement financial statements for the Borrower, within 120 days of each fiscal year end;
- e) biennial personal statement of affairs for Chris Bruins, within 120 days of the end of every second fiscal year of the Borrower, commencing with fiscal year ending June 30, 2008; and
- f) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) an appraisal in respect of the Ranco Property, completed by an appraiser acceptable to the Bank and containing findings acceptable to the Bank.
- d) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

GOVERNING LAW JURISDICTION

Province of Alberta.

ACCEPTANCE

This Agreement is open for acceptance until February 22, 2008, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: 

Name: Wayne Horb

Title: Senior Account Manager

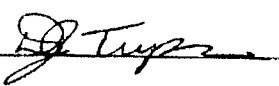
We acknowledge and accept the terms and conditions of this Agreement on this 24 day of JAN, 2008.

ADVANTAGE OILFIELD GROUP LTD.

Per: 

Name: Chris Bruins

Title: President

Per: 

Name: J. Tupper

Title:

I/We have the authority to bind the Borrower

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Limit Certificate
- Compliance Certificate

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations.

PREPAYMENT

Where Borrowings are by way of RBP Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
 - b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute an Event of Default;
 - c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
 - d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
 - e) will comply with all Applicable Laws, including, without limitation, all Environmental Laws;
 - f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
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- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
 - h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
 - i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
 - j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
 - k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
 - l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
 - m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person; and
- will permit the Bank or its representatives, from time to time, to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional

EXPENSES, ETC.

The Borrower agrees to pay the Bank all fees, as stipulated in this Agreement. The Borrower also agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with preparation, negotiation and documentation of this Agreement and any Security and the operation, enforcement or termination of this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles in effect from time to time, applied on a consistent basis from period to period. Any change in accounting principles or the application of accounting principles, including, without limitation, the use of differential reporting (or any changes to the selection of differential reporting options) is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

LIFE AND DISABILITY INSURANCE

The Borrower acknowledges that the Bank has offered it insurance on the Borrowings under Business Loan Insurance Plan Policy 51000 ("Policy") issued by Sun Life Assurance Company of Canada to the Bank and the Borrower hereby waives this offer or acknowledges it is ineligible for this offer and acknowledges that Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.)

If there are any discrepancies between the insurance information above, and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

EMAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any report or certificate provided to the Bank by the Borrower or any Guarantor as applicable, by way of email or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by email or fax transmission is a reliable communication from the Borrower.

REPRESENTATIONS AND WARRANTIES

The Borrower, represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an "Event of Default" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;

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- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, condition or provision contained in this Agreement or in any documentation relating hereto or to the Security;
 - c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
 - d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
 - e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
 - f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or
 - g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility

Schedule "A" to the Agreement dated January 24, 2008, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are **"Borrowings"**;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

"Corporate Distributions" means any payments to any shareholder, director or officer of the Borrower, or to any associate or holder of subordinated debt of the Borrower, or to any shareholder, director or officer of any associate or holder of subordinated debt of the Borrower, including, without limitation, bonuses, dividends, interest, salaries or repayment of debt or making of loans to any such Person, but excluding salaries to officers or other employees in the ordinary course of business.

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

"EBITDA" means, for any fiscal period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for, the period;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equity" means the total of share capital, (excluding preferred shares redeemable within one year) contributed surplus and retained earnings plus Postponed Debt;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Funded Debt" means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

"Good Accounts Receivable" means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in Canada excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Interest Expense" means, for any fiscal period, the aggregate cost of advances of credit outstanding during that period including, without limitation, interest charges, capitalized interest, the interest component of capital leases, fees payable in respect of letters of credit and letters of guarantee and discounts incurred and fees payable in respect of bankers' acceptances;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"Postponed Debt" means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and **"Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

"Total Liabilities" means all liabilities, exclusive of deferred tax liabilities and Postponed Debt.

Schedule "B" to the Agreement dated January 24, 2008, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS

The Borrower shall pay interest on each RBP Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

Schedule "C" to the Agreement dated January 24, 2008, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

BORROWING LIMIT CERTIFICATE

I, _____, representing the Borrower hereby certify as of the fiscal quarter ending _____:

1. I am familiar with and have examined the provisions of the Agreement dated January 24, 2008 and any amendments thereto, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ _____, calculated as follows:

Total accounts receivable owing by persons located in Canada		\$ _____
Less:	a) Accounts, any portion of which exceeds 90 days	\$ _____
	b) Accounts due from affiliates	\$ _____
	c) "Under 90 days" accounts where collection is suspect	\$ _____
	d) Accounts subject to prior encumbrances	\$ _____
	e) Holdbacks, contra-accounts or rights of set-off	\$ _____
	f) Other ineligible accounts	\$ _____
Plus:	g) Under 90 day portion of accounts included in (a) above, which the Bank has designated as nevertheless good	\$ _____
Good Accounts Receivable		A \$ _____
Marginable Good Accounts Receivable at 75% of A		B \$ _____
Less:	Potential Prior-Ranking Claims	C \$ _____
Borrowing Limit (B-C)		\$ _____
Less:	Facility #1 Borrowings	\$ _____
Margin Surplus (Deficit)		\$ _____

3. Annexed hereto are the following reports in respect of the Borrower:

- a) aged list of accounts receivable,
- b) aged list of accounts payable, and
- c) listing of Potential Prior-Ranking Claims.

4. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.

Dated this _____ day of _____, 20 _____.

Per: _____

Name: _____

Title: _____

Schedule "D" to the Agreement dated January 24, 2008, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

COMPLIANCE CERTIFICATE

I, _____, representing the Borrower hereby certify as of the fiscal quarter ending _____:

1. I am familiar with and have examined the provisions of the Agreement dated January 24, 2008 and any amendments thereto, between Advantage Oilfield Group Ltd., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default and there is no reason to believe that during the next fiscal quarter of the Borrower, any such event or circumstance will occur.
4. Debt Service Coverage is ____:1, being not less than 1.25:1.
5. The ratio of Funded Debt to EBITDA is ____:1, being not greater than 2.5:1.
6. The ratio of Total Liabilities to Equity is ____:1, being not greater than 1.5:1.
5. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this ____ day of _____, 20 ____.

Per: _____

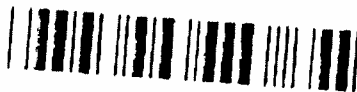
Name: _____

Title: _____

Per: _____

Name: _____

Title: _____



Royal Bank of Canada
Commercial Financial Services
580 3rd Street SE - Main
Medicine Hat AB, T1A 0H3
Tel.: 403-528-6427
Fax: 403-529-0557

April 9, 2009

Private and Confidential

ADVANTAGE OILFIELD GROUP LTD.
PO Box 22007 RPO Med Hat Core
Medicine Hat, Alberta
T1A 8M5

We refer to the agreement dated January 24, 2008 between Advantage Oilfield Group Ltd., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Agreement").

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Agreement is amended as follows:

1. Under the Credit Facilities section, Facility #1 is amended and restated as follows:

Facility #1. \$2,562,000.00 revolving demand facility, reducing to \$2,000,000.00 on May 1, 2009 by way of:

2. The Availability section for Facility #1 is amended by adding the following paragraph:

Provided the Bank has not cancelled this facility or issued a demand for repayment, the available amount of this facility shall reduce to \$2,000,000.00 on May 1, 2009. The Borrower shall make all payments necessary to ensure that outstanding Borrowings under this facility do not exceed the reducing amount available at any time.

CONDITIONS PRECEDENT

The effectiveness of this amendment is conditional upon receipt of a duly executed copy of this amending agreement.

COUNTERPART EXECUTION

This amending agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

All other terms and conditions outlined in the Agreement remain unchanged and in full force and effect.

This amending agreement is open for acceptance until May 8, 2009 after which date it will be null and void, unless extended in writing by the Bank.

* Registered Trademark of Royal Bank of Canada

SRF # 981336969

Advantage Oilfield Group Ltd.

- 2 -

April 9, 2009

ROYAL BANK OF CANADA

Per: 

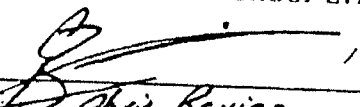
Name: Wayne Horb

Title: Account Manager

jb

Agreed to and accepted this 17 day of APRIL, 2009.

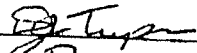
ADVANTAGE OILFIELD GROUP LTD.

Per: 

Name:

Title:

Chris Bruins
President

Per: 

Name:

Title:

Donna-Joy Tuplin
CFO

I/We have the authority to bind the Borrower

Cathy Moffit

APR 22 2009 



RBC
Royal Bank

180 Wellington Street West
Toronto, ON M5J 1J1

April 15, 2009

Private and Confidential

Advantage Oilfield Group Ltd.
PO Box 22007 RPO Med Hat Core
Medicine Hat, AB -
T1A 8M5 -

Dear Chris Bruins,

RE: Term Loan Credit Renewal

We refer to the agreement dated January 24, 2008 and any amendments thereto, between Advantage Oilfield Group Ltd., as the Borrower, and Royal Bank of Canada, as the Bank, (the "Agreement") and in particular to the Credit Facilities section of the Agreement.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

The Term Loan for \$1,824,403.60 will be maturing on May 5, 2009 (referred to as the "Current Maturity Date"). Upon maturity, the Bank would be pleased to renew your term loan for a 12 months term. The Agreement will be amended as follows:

- **Open to Prepayment and/or convertible to any other term/interest, at any time, without penalty.**
- Consecutive monthly blended payments of \$83,752.49, including interest. If applicable, an allocation for your business loan insurance premium is included in the blended payment amount. First payment is due June 5, 2009.
- Interest rate: RBP+ 1.55% per annum.
- All outstanding principal and interest is payable in full on May 5, 2010 (the new "Maturity Date").
- These amendments to the Agreement will take effect on the Current Maturity Date.
- All other terms and conditions of the Agreement will remain unchanged.

If you're satisfied with these terms, then no action is needed on your part. If the loan has an outstanding balance on May 5, 2009, it will confirm your acceptance of the renewal terms set out above.

Should you wish to discuss other terms, such as fixing the interest rate, a longer term, pricing options, or if you have any questions, please call your account manager Wayne Horb at (403) 528-6427 at least 10 days prior to the Current Maturity Date.

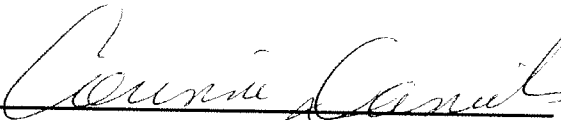
Royal Bank of Canada

RBC Term Loan Renewal Group



**This is Exhibit "C" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010



In consideration of the mutual promises stated in this Agreement, we agree with you as follows:

1- What the Words Mean: In this Agreement and the Disclosure Statement, please remember that,

"we", "our" and "us" mean the person or entity which has signed or submitted the Application and this Agreement; and "you" and "your" mean Royal Bank of Canada and companies under RBC Financial Group.

Please also remember that in this Agreement and the Disclosure Statement;

"Account" means the RBC Royal Bank VISA Business Card account you have opened in a Cardholder's name to which Debt is charged;

"Account Statement" means your written statement of the Account that you prepare for a Cardholder about every three (3) or four (4) weeks [the period covered by each Account Statement will vary between 27 days and 34 days];

"Aggregate Credit Limit" means the maximum aggregate amount of Debt that can remain outstanding and unpaid at any time in the Accounts of all Cardholders under this Agreement;

"Agreement" means this VISA Business Card Agreement and all annexes attached to this VISA Business Card Agreement;

"Application" means the request made to you for the Account and each Card.

"Authorized Person" means any individual we have designated in writing as being authorized to ask you to open an Account and issue a Card to a Cardholder under this Agreement and to perform administrative duties for us under this Agreement;

"Card" means any VISA Business credit card you issue to a Cardholder on an Account in their name at our request, and all renewals of and replacements for that credit card;

"Cardholder" means an individual for whom you have opened an Account and to whom you have issued a Card on that Account at our the request of an Authorized Person under this Agreement;

"Cash Advance" means an advance of cash that is charged to a Cardholder's Account with or in connection with their Card (or any other eligible Account access card you have issued to the Cardholder) and bill payments made from the Account at a bank branch, at a banking machine or on the Internet, VISA Cheques, balance transfers and "cash-like" transactions, including, without limitation, money orders, wire transfers, travellers' cheques, and gaming transactions (including betting, off-track betting, race track wagers, casino gaming chips, lottery tickets);

"Credit Limit" means the maximum amount of Debt that can remain outstanding and unpaid at any time in a Cardholder's Account under this Agreement;

"Debt" means all amounts charged to a Cardholder's Account with or in connection with their Card, including Purchases, Cash Advances, interest, and Fees;

"Disclosure Statement" means your written statement of the Interest Rates and Fees for each Account and each Card set out in a document accompanying each Card when you issue it to a Cardholder and in any other document or statement you may send to Cardholders or us from time to time;

"Fee" means a fee that applies to a Cardholder's Account and this Agreement, as set out in the Disclosure Statement and in any document or other written statement you may send to the Cardholder or us from time to time.

"Interest-Bearing Balance" means the unpaid balance of the Debt outstanding in a Cardholder's Account that is made up of any combination of Interest-Bearing Purchases and Interest-Bearing Fees and Cash Advances;

"Interest-Bearing Purchase and Interest-Bearing Fee" means a Purchase or Fee appearing on an Account Statement for the first time whether either or both of the following occurs: (i) the Debt shown on that Account Statement is not paid in full by that Account Statement's Payment Due Date or (ii) the Debt shown on the preceding Account Statement was not paid in full by that preceding Account Statement's Payment Due Date;

"Interest Rate (Cash Advances including VISA Cheques)" means the annual percentage rate of interest referred to in the Disclosure Statement and set out on each Account Statement that applies to each Cash Advance;

"Interest Rate (Interest-Bearing Purchases and Interest-Bearing Fees)" means the annual percentage rate of interest referred to in the Disclosure Statement and set out on each Account Statement that applies to each Interest-Bearing Purchase and Interest-Bearing Fee;

"Interest Rates" mean, collectively, the Interest Rate (Cash Advances including VISA Cheques) and the Interest Rate (Interest-Bearing Purchases and Interest-Bearing Fees);

"Liability Waiver Program" means the RBC Royal Bank VISA Liability Waiver program in force from time to time, a current copy of which is annexed to this Agreement;

"Minimum Payment" means the amount indicated as such on an Account Statement;

"New Balance" means the amount indicated as such on an Account Statement;

"Payment Due Date" means the date indicated as such on an Account Statement;

"Personal Identification Number" means the personal identification number that a Cardholder has selected in your prescribed manner;

"Purchase" means a purchase of goods or services (or both) that is charged to a Cardholder's Account with or in connection with their Card; and

"Statement Date" means the last date of the Statement period for which an Account Statement is produced.

2. General Terms of Agreement: This Agreement and the Disclosure Statement apply to each Account and Card. This Agreement replaces all prior VISA Business Card agreements between you and us for each Account and Card.

This Agreement is our promise to pay amounts owing on each of our VISA Business Accounts. It together with our VISA Business Card Application explains our rights and duties. If a Cardholder signs, activates or uses their Card or their Account, it will mean that we have received and read this Agreement and agree to and accept all of its terms.

We must promptly give you up-to-date credit and financially-related information about us when you ask for it. The section headings in this Agreement appear only for ease of reference purposes. They do not form part of this Agreement.

3. Account Opening/Card Issuance and Renewal: You will open an Account for, and will issue a Card on that Account to, a Cardholder at our request or at the request of an Authorized Person made on a fully completed request form that you have prescribed for this purpose.

You will also issue renewal and replacement Cards (excluding an emergency replacement Card) to each Cardholder before the expiration date indicated on the Card last issued to them. You will continue to issue renewal and replacement Cards to a Cardholder in this way until we or the Cardholder tells you to stop. An emergency replacement Card will be issued by you to a Cardholder when required according to your customary operating procedures.

4. Account and Card Use: A Cardholder may use their Account and Card to obtain advances of money from you through Purchase transactions, Cash Advance transactions and other transactions you permit from time to time. The use of each Account and Card is governed by this Agreement. An Account and Card may only be used by the Cardholder in whose name it has been opened or issued. A Cardholder must not use their Card after the expiration date shown on it or after the termination of this Agreement. A Cardholder may not use their Card for any illegal, improper or unlawful purpose. You reserve the right to refuse your authorization for certain types of transactions as determined by you.

5. Account and Card Ownership: You are the owner of each Account and Card. Neither we nor any Cardholder has the right to assign or transfer this Agreement, any Card or any Account to anyone else.

6. Lost or Stolen Card: We or a Cardholder must tell you at once if the Cardholder's Card is lost or stolen or if we or the Cardholder suspects it is lost or stolen. We or the Cardholder may do this in the way you have set out on each Account Statement.

If a Cardholder's Card is lost or stolen, we will be liable to you for:

- all Debt on the Cardholder's Account, up to a maximum of \$1,000.00, resulting from the loss or theft of their Card that is incurred before the time we or the Cardholder tells you about that loss or theft through any one or more transactions on the Cardholder's Account in which only their Card or Cardholder's Account number has been used to complete those transactions, and
- all Debt resulting from the loss or theft of their Card that is incurred before the time we or the Cardholder tells you about that loss or theft through any one or more transactions on the Cardholder's Account in which their Card and Personal Identification Number have been used together to complete those transactions. Account Statement to the Cardholder on which that excess appears.

We will not be liable to you for any Debt resulting from the loss or theft of the Cardholder's Card that is incurred after the time we or the Cardholder tells you about that loss or theft.

7. Card Cancellation/Revocation or Suspension of Use: We may cancel a Cardholder's Account and Card for any reason (including, without limitation, the death of the Cardholder) by providing you with written notice of cancellation of that Account and Card. Subject to Section 6., we will be liable to you for all Debt, howsoever and by whomsoever incurred, resulting from the use of the Cardholder's Account or Card from the time we provide written notice of cancellation to you of the Cardholder's Card until the time we have notified you that the Card has been destroyed.

If the Debt outstanding in a Cardholder's Account exceeds the Credit Limit at any time, you may suspend the Cardholder's right to use their Account and Card and all services you provide to the Cardholder under this Agreement until such time as that excess is paid to you in full.

You may revoke or suspend a Cardholder's right to use their Account and Card at any time without notice. The Cardholder must also surrender their Card to us or to you at our (or your) request.

8. Limits: You will set an Aggregate Credit Limit for all Accounts and you may change it from time to time by providing written notice of the change to us. You will tell us what the initial Aggregate Credit Limit is at or before the time an Account is opened for a Cardholder under this Agreement. We will not permit the Debt we owe to you at any time to exceed the Aggregate Credit Limit. However, you may (but are not required to, even if you have done so before) permit that Debt to exceed the Aggregate Credit Limit you set from time to time.

You will set a Credit Limit for each Cardholder's Account and you may change the Credit Limit for a Cardholder's Account periodically. You will tell each Cardholder what their current Credit Limit is on the document accompanying their Card when you issue it to them and on each Account Statement. We will ensure that each Cardholder observes their Credit Limit. We will not permit the Debt we owe to you in respect to an Account at any time to exceed the Credit Limit for that Account. However, you may (but are not required to, even if you have done so before) permit that Debt to exceed that Credit Limit you set from time to time. We understand that the use of any Card and the Account may be suspended, at your discretion, if the Credit Limit is exceeded. An overlimit fee will be charged to an Account when you permit the Debt to exceed the Credit Limit of that Account during an Account Statement period.

9. Liability for Debt: Subject to Sections 6. and 7., and except as may otherwise be provided under the Liability Waiver Program, we will be liable to you for all Debt charged to each Account, no matter how it is incurred or who has incurred it and even though you may send Account Statements to Cardholders and not to us. However, you will provide Account Statement or other information about that Debt to us at our request.

You may apply any money we have on deposit with you or any of your affiliates against any Debt we have not paid to you as required under this Agreement without notice to us.

10. Making Payments: It is our responsibility to ensure that payment on each Cardholder's Account is received by you for credit to each Account by the Payment Due Date shown on each Account Statement.

Payments can be made on each Account at any time. Payment can be made by mail, at one of your branches, a banking machine, by telephone or on the Internet. Even when normal postal service is disrupted, payments must continue to be made on each Account.

Payments do not automatically adjust the available Credit Limit. This generally occurs within one to three business days following receipt of a Cardholder's payment, depending on how payment is made.

We can also ask you to process our payment on each Payment Due Date each month by automatically debiting a bank account that we designate for that purpose. We may choose to pay the Minimum Payment, a fixed amount provided that it is not less than the Minimum Payment or our New Balance. If we ask you to automatically process payments in this manner we agree to be bound by the terms and conditions set out in Rule H1 of the Rules of the Canadian Payments Association, as amended from time to time. In addition, we agree to waive any pre-notification requirements that exist where variable payment amounts are being authorized. We may notify you at any time that we wish to revoke our authorization and a pre-authorized payment may, under certain circumstances, be disputed for up to 90 days. The Rules are available for us to review at www.cdnpay.ca.

11. Payment of Debt:

- Subject to sub-Sections 11.(b), 11.(c) and Section 20., we may pay the Debt we owe to you in respect to each Cardholder's Account in full or in part at any time.
- Subject to sub-Section 11.(c) and Section 20., we must make a payment of \$10.00 or 3% of our New Balance as shown on the current Account Statement, whichever is higher, by the Payment Due Date shown in order to keep the Account up-to-date. If our New Balance is less than or equal to \$10.00, then we are required to pay the New Balance in full. Any past-due amounts will continue to be included in our Minimum Payment Amount.
- We must also pay the amount of any Debt that exceeds the Credit Limit for a Cardholder's Account at once to keep that Account up-to-date. We must pay this excess even though you may not yet have sent an Account Statement to the Cardholder on which that excess appears.
- We must keep each Cardholder's Account up-to-date at all times even when you are delayed in or prevented from sending, for any reason, any one or more Account Statements to Cardholders. We must contact your Card Centre identified on Account Statements at least once a month during such a delay or interruption to obtain any payment information we do not have and need to know in order for us to comply with our obligations under this Section.

- If any payment made by us in respect of a Cardholder's Account is not honoured, or if you must return it to us because it cannot be processed, the applicable fee will be charged under Section 14. and Card privileges may be revoked or suspended by you under Section 7.

12. Interest Charges:

- Interest-Free Purchase and Interest-Free Fee:** We will not pay interest on the amount of any Purchase or Fee appearing on an Account Statement for the first time provided that all Debt shown on that Account Statement is paid in full by that Account Statement's Payment Due Date and all Debt shown on the preceding Account Statement was also paid in full by that preceding Account Statement's Payment Due Date.
- Interest-Bearing Balance:** We will pay interest on the Interest-Bearing Balance at the Interest Rates in effect in the manner described below and in sub-Section 12.(c):

You will charge us interest:

- i. on the amount of each Interest-Bearing Purchase and Interest-Bearing Fee from (and including) the transaction date recorded for them on the Account Statement where they appeared for the first time to the day you receive payment in full of the Interest-Bearing Balance; and
- ii) on the amount of each Cash Advance (including VISA Cheques) from (and including) the day they are obtained to the day you receive payment in full of the Interest-Bearing Balance.

c. **Interest Calculation:** The interest you charge on the Interest-Bearing Balance accrues daily.

You will calculate the interest on the Interest-Bearing Balance made up of Cash Advances by multiplying this Interest-Bearing Balance outstanding on any day by the Interest Rate (Cash Advances and VISA Cheques) in effect and dividing the result by the number of days in the year. You will calculate the interest on the Interest-Bearing Balance made up of Interest-Bearing Purchases and Interest-Bearing Fees by multiplying this Interest-Bearing Balance outstanding on any day by the Interest Rate (Interest-Bearing Purchase and Interest-Bearing Fee) in effect and dividing the result by the number of days in the year.

You will post the interest we owe on the Interest-Bearing Balance for the period covered by an Account Statement to the Account at the end of that period. Since the interest you charge on the Interest-Bearing Balance accrues daily up to the time you receive a payment of the Debt, the final interest charge on the Interest-Bearing Balance for that period can only be calculated and included on the Account Statement that shows the payment.

13. Payment Allocation: You will apply each payment of the Debt in respect to a Cardholder's Account in the following order: interest charges, Fees, Cash Advances and Purchases. If we have paid more than the New Balance in respect to a Cardholder's Account, you will apply the extra payment to amounts that have not yet appeared on the Account Statement, in the following order: Fees, Cash Advances and Purchases. In any category of charges, those amounts which bear the lowest Interest Rate will be paid first. We are not permitted to make a payment in respect to a Cardholder's Account exceeding the Credit Limit for the Account unless the Debt at the time of payment is more than the Credit Limit. Unless you otherwise agree, any payment must be made in money which is legal tender at the time of payment. As well, the mere lapse of the time fixed for performing an obligation under this Agreement will have the effect of putting us in default of it.

14. Fees: We must pay all Fees. You will charge them to the Cardholder's Account at the time they are incurred.

15. Banking Machines: A Cardholder may use their Card together with their Personal Identification Number to make transactions on their Account at those banking machines and terminals you operate and at any other banking machines or terminals you designate from time to time, subject to the Cardholder's agreement with you governing the use of their Personal Identification Number.

16. Debt Incurred Without a Card: If a Cardholder incurs Debt without having presented their Card to a merchant (such as for internet, mail order or telephone Purchase), the legal effect will be the same as if the Cardholder had used their Card and signed a Purchase or Cash Advance draft.

17. Transfer of Your Rights: You may transfer any or all of your rights under this Agreement and the Disclosure Statement, by way of assignment, sale or otherwise. If you do so, you can give information concerning the Account to anyone you transfer your rights to, but will ensure that they are bound to respect our privacy rights in that information.

18. Changes to Disclosure Statement: You may change the Interest Rates and Fees for each Cardholder's Account and this Agreement set out or referred to in the Disclosure Statement periodically. We will be given at least thirty (30) days prior written notice of each change, directed to our address last appearing on your records. If any Card is used or any Debt remains unpaid after the effective date of a change, it will mean that we have agreed to the change.

19. Changes to Agreement: You may change this Agreement periodically. We will be given at least thirty (30) days prior written notice of each change, directed to our address last appearing on your records. If any Card is used or any Debt remains unpaid after the effective date of a change, it will mean that we have agreed to the change.

20. Termination:

a. You or we may terminate this Agreement at any time by giving written notice of termination to the party(ies) to be bound by that written notice. You must direct your written notice to our address last appearing on your records. Our written notice must be directed to your address appearing on the last Account Statement you have sent to Cardholders.

b. The occurrence of any one of the following events has the effect of putting us in default and you may terminate this Agreement at once without giving us any notice, if:

- i. we become insolvent or bankrupt,
- ii. someone files a petition in bankruptcy against us,
- iii. we make an unauthorized assignment for the benefit of our creditors,
- iv. we institute, or someone else institutes, any proceedings for the dissolution, liquidation or winding up of our affairs,
- v. we institute, or someone else institutes, any other type of insolvency proceeding involving our assets under the Bankruptcy and Insolvency Act or otherwise,
- vi. we cease or give notice of our intention to cease to carry on business or make or agree to make a bulk sale of our assets without complying with applicable laws or we commit an act of bankruptcy,
- vii. we fail to pay any Debt or to perform any other obligation to you as required under this Agreement,
- viii. we make any statement or representation to you that is untrue in any material respect when made, or
- ix. there is, in your opinion, a material adverse change in our financial condition.

c. Upon termination of this Agreement, we must pay all Debt for each Account to you at once and ensure that each Cardholder destroys their Card. If we fail to comply with our obligations to you under this Agreement, we will be liable to you for:

- i. all court costs and reasonable legal fees and expenses (on a solicitor-client basis) you incur through any legal process to recover any Debt, and
- ii. all costs and expenses you incur in reclaiming any Card.

21. Problems With a Purchase: You will not be responsible for any problem a Cardholder has with any Purchase. If the Cardholder has a problem or dispute with a merchant regarding a Purchase, we must still pay all Debt as required by this Agreement and settle the problem or dispute directly with the merchant.

You will not be responsible if a Card is not honoured by a merchant at any time and for any other problem or dispute a Cardholder may have with a merchant. As well, you reserve the right to deny authorization of any Purchase at any time.

22. Account Statements, Verification and Disputes: You will send Account Statements to each Cardholder, directed to the Cardholder's address last provided to you by the Authorized Person. We will ensure that each Cardholder promptly examines all of their Account Statements and each entry and balance recorded in them.

We will notify you in writing of any errors, omissions, or objections to an Account Statement, or an entry or balance recorded in it, within thirty (30) days from the Statement Date recorded on that Account Statement.

If we do not notify you as required, you are entitled to treat the above Account Statements, entries and balances as complete, correct and binding on us and you will be released from all claims by us in respect of those Account Statements, entries and balances.

You may use a microfilm, electronic or other reproduction of any Purchase or Cash Advance draft or other document evidencing Debt to establish our liability for that Debt. Upon request, you will provide a microfilm, electronic or other reproduction within a reasonable time frame of any Purchase or Cash Advance draft or other document evidencing the Debt.

If the item is a legitimate charge to the Cardholder's Account and the dispute is between the Cardholder or us and the merchant, we must still pay the Debt owing to you and settle the problem or dispute directly with the merchant. If the item is not a legitimate charge, you will return the item to the merchant and credit the Cardholder's Account.

23. Authorized Person: Upon signing this Agreement, we will designate one or more individuals as an Authorized Person to assist us in the administration of this Agreement. The Authorized Person will be responsible for performing, on our behalf, such administrative duties as you may request and we have agreed to from time to time.

24. Exchange of Information Between You and Us: Information about a Cardholder's use of their Account and Card, and pertinent information about any reimbursement of Debt received by the Cardholder from us, Cardholder employment status and location, and any other related Cardholder-tracking information may be exchanged between you and us.

25. Protecting Our Privacy: You may from time to time,

a. *collect financial and other information about us such as:*

- i. information establishing our identity (for example: name, address, phone number, date of birth, etc.) and our personal background;
- ii. information related to transactions arising from our relationship with and through you, and from other financial institutions;
- iii. information we provide on an application for any of your products and services;
- iv. information for the provision of products and services; and
- v. information about financial behaviour such as our payment history and credit worthiness.

You may collect and confirm this information during the course of your relationship. You may obtain this information from a variety of sources, including from us; from service arrangements we make with or through you; from credit reporting agencies and other financial institutions; from registries; from references we provide to you, and from other sources, as you deem appropriate.

We acknowledge receipt of notice that from time to time reports about us may be obtained by you from credit reporting agencies.

b. *This information may be used from time to time for the following purposes:*

- i. to verify our identity and investigate our personal background;
 - ii. to open and operate our account(s) and provide us with products and services we may request;
 - iii. to better understand our financial situation;
 - iv. to determine our eligibility for products and services you offer;
 - v. to help you better understand the current and future needs of your clients;
 - vi. to communicate to us any benefit, feature and other information about products and services we have with you;
 - vii. to help you better manage your business and your relationship with us;
 - viii. to operate the Visa Card System;
 - ix. to maintain the accuracy and integrity of information held by a credit reporting agency; and
 - x. as required or permitted by law.
- c. For the purposes outlined in (b) above, you may:
- i. make this information available to your employees, your agents and service providers, who are required to maintain the confidentiality of this information;
 - ii. share this information with other financial institutions; and
 - iii. give credit, financial and other related information to credit reporting agencies who may share it with others.

Upon our request, you may give this information to other persons.

You may also use this information and share it with other companies under RBC Financial Group (i) to manage your risks and operations and those of other companies under RBC Financial Group, (ii) to comply with valid requests for information about us from regulators and other persons who have a right to issue such requests, and (iii) to let other

companies under RBC Financial Group know our choices under subsection (d) "Other Uses of Our Personal Information" for the sole purpose of honouring our choices.

If you have our Social Insurance Number, you may use it for tax related purposes if we hold a product generating income and share it with the appropriate government agencies, and you may also share it with credit reporting agencies as an aid to identify us.

d. *Other Uses of Our Personal Information*

- i. You may use this information to promote your products and services, and promote products and services of third parties you select, which may be of interest to us.
- ii. You may also, where not prohibited by law, share this information with other companies under RBC Financial Group for the purpose of referring us to them or promoting to us products and services which may be of interest to us. We acknowledge that as a result of such sharing they may advise us of those products or services provided.
- iii. If we also deal with other companies under RBC Financial Group, you may, where not prohibited by law, consolidate this information with information they have about us to allow you and any of them to manage our relationship with companies under RBC Financial Group and your business.

We understand that you and each company under RBC Financial Group are separate, affiliated corporations. Other companies under RBC Financial Group include your affiliates which are engaged in the business of providing any one or more of the following services to the public: deposits, loans and other personal financial services; credit, charge and payment card services; trust and custodial services; securities and brokerage services; and insurance services.

We may choose not to have this information shared or used for any of these other uses by contacting you as set out below, and in this event, we will not be refused credit or other services just for that reason. You will respect our choices and as mentioned above, our choices will be communicated to companies under RBC Financial Group to ensure that they are respected.

e. *Our Right to Access Our Personal Information:* We may obtain access to the information you hold about us at any time and review its content and accuracy, and have it amended as appropriate; however, access may be restricted as permitted or required by law. To request access to such information, to ask questions about your privacy policies or to request that the information not be used for any or all of the purposes outlined in subsection (d) "Other Uses of Our Personal Information" we may do so now or at any time in the future by:

- i. contacting your branch; or
- ii. calling us toll-free at
1-800-ROYAL® 1-1(1-800-769-2511).

f. *Our Privacy Policies:* We may obtain more information about your privacy policies by asking for a copy of your Straight Talk® brochure about privacy, by calling you at the toll-free number shown above or by visiting your web site at www-rbc.com/privacy

26. Liability Waiver Program: The Liability Waiver Program applies to this Agreement and is made available at no cost to us. We may request you to waive, in accordance with the Liability Waiver Program, our liability under Section 9. for certain unauthorized charges posted to a Cardholder's Account. We agree to abide by the provisions of the Liability Waiver Program as in effect from time to time.

27. Counterparts: This Agreement may be executed in any number of counterparts, each of which when executed and delivered will be deemed to be an original, and those counterparts together will constitute one and the same agreement.

28. Complete Agreement, etc.: This Agreement constitutes the complete agreement between you and us with respect to the subject matter hereof. No failure on your part to exercise, and no delay by you in exercising, any right under this Agreement will operate as a waiver thereof; nor will any single or partial exercise by you of any right under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, by you under this Agreement.

Signed as of the 31 day of AUGUST, 2006 by you and us
Month Year

ADVANTAGE OILFIELD GROUP LTD.

Customer Legal Name

Per: _____ *

 Name:
 Title:

Per: _____ *

 Name:
 Title:

ROYAL BANK OF CANADA

Per: _____

 Name: WAYNE HORB
 Title: ACCOUNT MANAGER

Per: _____

 Name: WAYNE HORB
 Title: ACCOUNT MANAGER

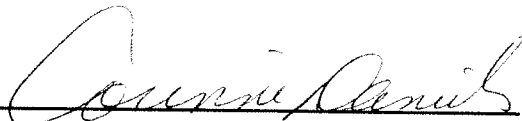
(*) I am an authorized signing officer of the Customer with authority to bind the Customer.

VISA* DISCLOSURE STATEMENT

1. **General:** This Disclosure Statement applies to the Account and each Card you have issued on the Account.
2. **Interest Rates:** The Interest Rates are set out on each Account Statement. They are expressed as annual percentage rates.
3. **Annual Fee**:**
VISA Business: \$12.00 for each VISA Business Card.
VISA Business Gold: \$40.00 for each VISA Business Gold Card.
VISA Business Platinum Avion: \$120.00 for the first VISA Business Platinum Avion Card opened by you and \$50.00 for each supplementary VISA Business Platinum Avion card opened by you.
- ** Annual fees are not refundable
4. **Other Fees:** The following schedule of fees applies to the Account:
 - a. **Cash Advance Fee:** When we obtain a cash advance on our Account in Canada at a banking machine, at one of your branches in Canada or by using RBC Royal Bank Online or Telephone Banking, a \$2.50 fee for each transaction will be charged to our Account. If the transaction occurs outside Canada, a \$5.00 fee will be charged each time. Cash Advance Fees apply to cash-like transactions.
 - b. **Dishonoured Cheque Fee:** \$25.00 for each cheque or other instrument used to pay Debt that is dishonoured by the financial institution on which it is drawn. (This charge is in addition to any dishonoured cheque fee charged by that financial institution on the dishonoured cheque or other instrument.)
 - c. **Statement Update Fee:** No charge for a copy of Account Statement for a current statement period; \$2.00 for a copy of Account Statement for any other statement period. A \$1.50 fee will be charged for each Account Statement update obtained from one of your branches in Canada or at a banking machine that provides Account Statement updates.
 - d. **Sales/Cash Advance Draft Copy Fee:** No charge for a copy of a sales or Cash Advance draft referred to in the Account Statement for the current statement period; \$2.00 for each copy of a sales or Cash Advance draft referred to in the Account Statement for any other statement period. (No charge for any draft copy to which an Account posting error applies.)
 - e. **Overlimit Fee:** \$20.00 if the Debt exceeds the Credit Limit at any time during the period covered by an Account Statement.
5. **Foreign Currency Transaction:** You will bill us in Canadian currency. If any Debt or other transaction is not incurred in Canadian dollars you will convert our charges into Canadian dollars at your exchange rate which is 2.5% over the exchange rate set by Visa International, in effect at the time you post the converted Debt or other transaction to the Account. You will show the exchange rate for each transaction on our Account. If we are paying interest on our Account, interest will also be charged on the full value of our foreign Debt or other transaction, as determined using our exchange rate.

**This is Exhibit "D" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010



ADVANTAGE OILFIELD GROUP LTD.

January 13, 2010

Account Information

Service	Account Number	Balance	Date Opened	Ownership
Current Account Regular	07599-1017615	-172.43	2004/10/29	Sole Owner
Visa	4516070001814641	20,438.71	2006/09/21	Joint or
Visa	4516070001814708	10,163.41	2006/09/21	Joint or
Visa	4516070001814856	9,459.59	2006/09/21	Joint or
Visa	4516070001814971	10,182.70	2006/09/21	Joint or
Visa	4516070001815036	10,260.58	2006/09/21	Joint or
Visa	4516070001815218	10,167.85	2006/09/21	Joint or
Personal Other Advances	4516070001913310	10,304.95	2006/11/07	Joint or
Personal Other Advances	03009-40296691-002	0.00	2008/01/31	Sole Owner
Personal Other Advances	03009-40296691-003	2,508,585.79	2008/02/14	Sole Owner
Personal Other Advances	03009-40296691-004	0.00	2008/01/31	Sole Owner
Revolving Funds Arrangement	03009-40296691-005	1,141,632.58	2008/01/31	Sole Owner
PDS C	03009-8349490	0.00	2008/02/15	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2006/07/11	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2006/09/01	Sole Owner
ACR - CMS Facility	Unidentified Format	2,495,172.43	2008/01/31	Sole Owner
ACR - CMS Facility	Unidentified Format	1,128,181.29	2008/01/31	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2008/03/05	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2008/08/05	Sole Owner

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Close Inquiry

2010 / 01

1 OLB014I - Reply messages completed

^ - Required Information

Transaction 230 - Close Inquiry

^ Loan Account

Number: 40296691

Print: ☐ Yes ☒ No

^ Loan Number:

003

BackDate Code:

13

Effective date
(YYYY / MM / DD):

/ /

Find

Clear

Results

Inquiry
Type:

CLOSE INQ

Inquiry Date: JAN 13/10

Inquiry Time: 13:11:06

Loan Account Number - Segment: 40296691-003

Short Name: ADVANTAGE OIL*R

Loan Officer Number: 803

Loan Description: DEMAND LOAN

Status: DL

Inquiry Effective Date: JAN 13/10

Outstanding Loan: 2,495,000.00

Interest to Date: 13,585.79

Insurance to Date: 0.00

Loan Closing Amount: 2,508,585.79

Amort Term Remaining: N/A

Per Diem Interest: 256.34

Payment / Maturity Date: N/A

Deferred Indicator:

Fees Owing: 0.00

Uncollected Interest: 7,690.07

Net Capitalization: 0.00

Deferred Income: 0.00

Excess Kilometer Charge: N/A

Student Interest: 0.00

Interest Relief Months:

PSED: N/A

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Cancel

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Close Inquiry

2010 / 01

1 OLB014I - Reply messages completed

^ - Required Information

Transaction 230 - Close Inquiry

^ Loan Account

Number:

40296691

Print: ☐ Yes ☒ No

^ Loan Number:

005

BackDate Code:

☐ ☒ ☐

Effective date
(YYYY / MM / DD):

/ / 

Find

Clear

Results

Number

Messages

1

CONVERTED FR SEG#004 AMEND FMD

2

AUTO RENEWED ON MAY 29 2009

Inquiry

Type:

CLOSE INQ

Inquiry Date: JAN 13/10

Inquiry Time: 13:12:14

Loan Account Number - Segment: 40296691-005

Short Name:

ADVANTAGE OILFI

Deferred Indicator:

Loan Officer Number:

803

Loan Description:

DEMAND LOAN

Status:

DL

Inquiry Effective Date:

JAN 13/10

Outstanding Loan:

1,128,181.29

Interest to Date:

13,451.29

Insurance to Date:

0.00

Loan Closing Amount:

1,141,632.58

Amort Term Remaining:

014

Per Diem Interest:

117.45

Payment / Maturity Date: NOV 05/09

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Cancel

CLT10103 DDA - Demand Deposit Account

Card: 91567154 Level: 060 Transit: 03779

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Current Account History Inquiry

2010 / 02 / 08

Account Information

Transit / Account Number: 07599 1017615 Account Short Name: ADVANTAGE OIL*R 803

Account Type: CURRENT ACCOUNT

Account Classification:

Last Statement Date
(YYYY / MM / DD): 2010/01/29

Statement Balance: 172.75-

O/D Limit:

Amount:

Serial Number:

From Date
(YYYY / MM / DD): 2009/11/01To Date
(YYYY / MM / DD): 2010/02/08

Items 71 - 80

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Transaction History

Date	TC	Description	Serial Number	Debits / Cheques	Credits / Deposits	Balance
2009/11/30	469	PAPMT		1,169.42		452.63
2009/12/01	75	PMTREP		2.00		450.63
2009/12/04	667	TBMFEE		8.50		
	682	MISCDR	- Payroll debit	12,411.61		
	140	RETNSF	- Returned NSF.		12,411.61	442.13
2009/12/07	73	ACTFEE		260.76		
	496	NSFFEE		40.00		141.37
2009/12/16	289	MSCFEE		40.00		
	289	MSCFEE		40.00		61.37
2009/12/31	289	MSCFEE		40.00		21.37

Items 71 - 80

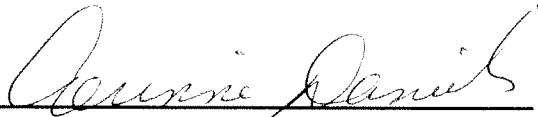
[Previous](#) [Next](#)

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[Repeat](#)[Cancel](#)

**This is Exhibit "E" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010



Royal Bank of Canada
Business Banking Centre
580 - 3rd Street Southeast
Medicine Hat, Alberta T1A 0H3
Tel.: 403-528-6427
Fax: 403-529-0557
wayne.horb@rbc.com

August 6, 2008

Private and Confidential

NORTH PAW ENERGY SERVICES LTD.
P.O. Box 22007 RPO Med Hat Core
Medicine Hat, Alberta
T1A 8M5

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). Upon satisfaction of all conditions set forth in the Conditions Precedent section herein, this Agreement supersedes and cancels the existing agreement dated April 9, 2008 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

BORROWER: North Paw Energy Services Ltd. (the "Borrower")

CREDIT FACILITIES

Facility #1: \$500,000 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$5,000	Minimum retained balance:	\$0
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.50%

AVAILABILITY

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time.

- a) Borrowings outstanding under this facility must not exceed at any time the 75% of Good Accounts Receivable less Potential Prior-Ranking Claims (the "Borrowing Limit").

REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

* Registered Trademark of Royal Bank of Canada

SRF #989744552

GENERAL ACCOUNT

The Borrower shall establish a current account with the Bank (the "General Account") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, under this facility; and
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, under this facility.

Facility #2 \$125,391.53 reducing facility by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

AVAILABILITY

The Borrower may borrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion and the term of any Lease shall not exceed 3 years.

Facility #3 \$261,925.53 reducing facility by way of Leases. Leases will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and a separate agreement, the terms of the separate agreement will govern.

AVAILABILITY

The Borrower may borrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time. The determination by the Bank as to whether it will enter into any Lease will be entirely at its sole discretion and the term of any Lease shall not exceed 3 years.

FEES**Monthly Fee:**

Payable in arrears on the same day of each month.

Revolving Funds Arrangement/Margining Fee: \$100

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including without limitation any amounts outstanding under any Leases, (collectively, the "Security"), shall include:

- a) General security agreement – floating charge on land on the Bank's form 923 signed by the Borrower constituting a first floating charge on all present and after-acquired real property of the Borrower and a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$900,000 signed by Chris Bruins supported by letter of independent legal advice; and
- c) Postponement and assignment of claim on the Bank's form 918 signed by Chris Bruins; and
- d) Postponement and assignment of claim on the Bank's form 918 signed by Matt Bruins.

FINANCIAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility or while any amounts remain outstanding under any Lease, the Borrower covenants and agrees with the Bank that the Borrower will:

- a) maintain, to be measured as at the end of each fiscal year:
 - i. a ratio of Funded Debt to EBITDA, of not greater than 2.50:1;
 - ii. Debt Service Coverage of not less than 1.25:1;
 - iii. a ratio of Total Liabilities to Tangible Net Worth of not greater than 1.50:1; and
- b) not, without the prior written consent of the Bank:
 - i. provide Financial Assistance; and
 - ii. repay any amounts due to shareholders or any Associate of the Borrower.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate, substantially in the form of Schedule "C" signed on behalf of the Borrower by any one of the Chief Executive Officer, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 20 days of each month end;
- b) monthly company prepared financial statements for the Borrower within 20 days of each month end;
- c) annual review engagement financial statements for the Borrower, within 120 days of each fiscal year end;
- d) annual forecasted balance sheet and income and cash flow statements and budget for the Borrower, prepared on a yearly basis for the next following fiscal year, within 120 days of fiscal year end;
- e) biennial personal statement of affairs Chris Bruins, within every second fiscal year end of the Borrower, commencing with fiscal year ending 2010; and
- f) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) an acknowledgement signed by Chris Bruins, agreeing to release the guarantee and postponement of claim in the amount of \$900,000, and postponement and assignment of claim signed by Matt Bruins;
- e) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- f) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- g) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

GOVERNING LAW JURISDICTION

Province of Alberta.

ACCEPTANCE

This Agreement is open for acceptance until September 5, 2008, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADAPer: Wayne HorbName: Wayne HorbTitle: Senior Account Manager

We acknowledge and accept the terms and conditions of this Agreement on this 12 day of AUGUST, 2008.

NORTH PAW ENERGY SERVICES LTD.Per: [Signature]Name: PresidentTitle: 08/12/08

Per: _____

Name: _____

Title: _____

I/We have the authority to bind the Borrower

I acknowledge and confirm my agreement with the foregoing terms and conditions, as Guarantor, as of Aug 26/08, 2008.

[Signature]
CHRIS BRUINS

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Limit Certificate



Master Lease Agreement (PPSA - S)

This lease agreement (the "Lease Agreement") made as of the 7th day of May, 2007, between

ROYAL BANK OF CANADA ("Lessor")

and

North Paw Energy Services Ltd. ("Lessee")

Address:
320 Front Street West
11th Floor,
Toronto, Ontario
M5V 3B6

Address:
PO Box 22007 RPO Med Hat Core
Medicine Hat, Alberta
T1A 8M5

Lessor and Lessee agree as follows:

1. Leasing of Equipment

- 1.1 Lessor may, from time to time, at its option, on the request of Lessee, acquire equipment for leasing to the Lessee ("Equipment"), pursuant to the terms of this Lease Agreement and the relevant supplemental agreement ("Leasing Schedule").
- 1.2 Neither the Lessor, nor the Lessee on behalf of Lessor, will order or acquire any Equipment unless Lessee has executed such documents and agreements as Lessor may require. Lessee will advise Lessor promptly of any Equipment ordered or acquired by Lessee on behalf of Lessor pursuant to this Lease Agreement.
- 1.3 Lessee will provide Lessor with a copy of the invoice for each item of Equipment to be purchased pursuant to this Lease Agreement, addressed to Lessor. A Leasing Schedule for that Equipment shall be entered into before payment is made for the Equipment.
- 1.4 Lessee shall conduct such acceptance testing of any Equipment to be purchased pursuant to this Lease Agreement as may be appropriate in the circumstances, and promptly upon successful completion of that acceptance testing shall sign the relevant Leasing Schedule for the Equipment, and return one executed Leasing Schedule to the Lessor.
- 1.5 Lessor shall have no responsibility under any purchase order or any purchase or license agreement or any Leasing Schedule if Lessee does not accept the Equipment and sign and deliver to Lessor the Leasing Schedule(s) and acceptance certificate for that Equipment. Any agreement with the seller of the Equipment will include a provision to this effect.
- 1.6 Each Leasing Schedule shall constitute a separate Lease of the Equipment described in the Leasing Schedule but incorporating the terms of this Lease Agreement. In the event of a conflict between the terms of this Lease Agreement and any Leasing Schedule with respect to any Lease, the terms of the Leasing Schedule shall govern.
- 1.7 Terms not otherwise defined herein shall have the same meaning ascribed under the Leasing Schedule.

2. Payment of Equipment Cost

- 2.1 Lessor will pay the agreed cost to be funded by Lessor for the Equipment acquired pursuant to this Lease Agreement on the later of:
(i) the due date for payment, and (ii) delivery of the signed Leasing Schedule.

3. Rental

- 3.1 Lessee shall pay to Lessor the rental payable, as set out in the Leasing Schedule. The first installment is payable on the Commencement Date of the Term and the last of such installments is payable on the Termination Date of Term, all as shown on the relevant Leasing Schedule.

4. Rent Payment

- 4.1 The Total Rental Installments shall be paid at the office of Lessor, at the address set out on page 1 of this Lease Agreement, or at such other place in Canada as Lessor may from time to time designate by notice.

5. Ownership

- 5.1 Title to, ownership of, and property in, the Equipment shall at all times be and remain solely and exclusively in the Lessor, subject only to the rights of Lessee to use the Equipment pursuant to the provisions of this Lease, and to purchase the same pursuant to any option granted in the relevant Leasing Schedule.

6. Personal Property

- 6.1 Notwithstanding any purposes for which the Equipment may be used or that it may become in any manner affixed or attached to or embedded in or permanently rested upon land or any structure

thereon, it shall remain moveable personal property, and subject to all of the rights of Lessor under the Lease to which it is subject.

- 6.2 Lessee agrees to use all reasonable commercial efforts to obtain a waiver, if required by and in a form satisfactory to Lessor, from any landlord, mortgagee, hypothecary creditor or other encumbrancers or any person having any interest in the land or structure referred to in Section 6.1 hereof consenting to this Lease Agreement and any relevant Leasing Schedule, and to the exercise by Lessor of its rights thereunder and hereunder and declaring that such encumbrances do not affect the Equipment.
- 6.3 Solely for the purpose of, and to the extent reasonably necessary to protect the interest of the Lessor as to its title and first priority interest in the Equipment, and without election or admission that this Agreement or any Leasing Schedule is a finance lease, the Lessee grants a security interest in any interest of the Lessee in the Equipment to the Lessor.

7. Licence

- 7.1 Lessee agrees that Lessor:

- (a) may at any time and from time to time, if an Event of Default (s.18) has occurred and is continuing, enter upon any lands and premises where any Equipment is located with all such force as may be reasonably required, to dismantle, detach and remove the Equipment or render it unusable;
- (b) shall not be liable for any damage done to those lands or premises in exercising those rights, save only such damage as may be caused by the gross negligence or willful act of Lessor or its agents or servants; and
- (c) may, at its election, register, by way of caveat or otherwise, against those lands and premises of its rights under the Lease.

8. Exclusion of Warranties

- 8.1 Lessee acknowledges that the Equipment will be personally chosen and selected by Lessee and that it will be of a make, size, design and capacity specified by Lessee for the purpose intended by Lessee.
- 8.2 Lessee confirms that Lessor does not make or give any representation or warranty, express or implied, as to the Equipment, its condition, fitness or suitability for any particular use intended by Lessee.
- 8.3 Lessee shall bear the risk of any theft, loss or destruction of or damage to any item of Equipment. Lessee acknowledges that none of these events will in any way affect its obligations, which will continue in full force and effect, except to the extent of any proceeds of any insurance maintained by Lessee that are actually received by Lessor.
- 8.4 Lessee shall not exert or claim against Lessor any defense, write-off, set-off, claim or counterclaim to which Lessee may be entitled against the supplier(s), and no such right shall affect the Lessor's obligations.

9. Maintenance and Use

- 9.1 Lessee will, at its own expense:

- (a) keep the Equipment in good operating condition and repair including, without limitation, the repair of any damage to the Equipment, whatever the cost, except for the repair of ordinary wear and tear, provided that Lessee will repair ordinary wear and tear if such repair is required to maintain the Equipment in good operating condition and repair; and
 - (b) comply in all respects with all recommendations, or requirements of the supplier(s) or manufacturer(s) regarding the Equipment, as may be necessary to preserve all warranties.
- 9.2 Any parts or anything else that are, as part of Lessee's maintenance and repair of the Equipment, placed in or upon the Equipment shall

form part of the Equipment, become property of the Lessor, and be free of all adverse claims.

10 Inspection

10.1 Lessor and its agents shall have the right to inspect the Equipment at any reasonable time upon reasonable notice to Lessee, and Lessee shall afford all reasonable facilities required by the Lessor or its agents for the purpose of inspection, and for that purpose may enter any premises where the Equipment is located.

11. Insurance

11.1 As and from the earlier of the date upon which Lessor acquires ownership of, or title to, the Equipment or the date on which Lessee takes possession or control of the Equipment, and thereafter throughout the term of each relevant Leasing Schedule, Lessee shall, at its sole expense:

- (a) place and maintain all risks property insurance on the Equipment, in amounts satisfactory to Lessor, consistent with Lessee's normal and usual practice for insuring equipment of the same general classification. This property damage insurance shall specifically state by its wording or by endorsement that it:
 - i) includes Lessor (as owner) as an additional named insured,
 - ii) includes a loss payable clause in favour of Lessor,
 - iii) includes a waiver of subrogation clause in favour of Lessor;
- (b) place and maintain comprehensive general liability insurance, and automobile liability insurance in the case of leased licensed motor vehicles, with limits of liability satisfactory to Lessor for injury to or death of any one or more persons or damage to property. Said insurance shall specifically state by its wording or by endorsement that it:
 - i) extends to cover the liabilities of the Lessee from the use or possession of the Equipment,
 - ii) includes Lessor as an additional named insured, and
 - iii) includes a cross liability provision that the policy shall insure each person, firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each, but the inclusion therein of more than one insured shall not operate to increase the limits of the insurers' liability.

11.2 Lessee shall supply Lessor with a certificate of insurance or other evidence satisfactory to Lessor evidencing the foregoing coverage and evidence of its renewal or replacement from time to time, so long as any Leasing Schedule remains in force and effect.

12. Taxes

12.1 Lessee shall pay punctually all sales taxes, licence fees, business taxes, levies and assessments of every nature and kind whatsoever which be or become payable at any time or from time to time upon, or in respect of, the Equipment, and any payments to be made under this Lease Agreement or any Leasing Schedule, except for income taxes payable by Lessor.

13. Adverse Claims

13.1 Lessee shall keep the Equipment free and clear of all adverse claims. Lessee may contest any adverse claim provided that Lessee:

- a) gives Lessor notice of the adverse claim;
- b) provides Lessor with an indemnity and collateral security, both satisfactory to Lessor; and
- c) contests the adverse claim with all due dispatch.

14. Laws and Regulations

14.1 Lessee shall comply with all laws, by-laws and regulations relating to the ownership, possession, operation and maintenance of the Equipment including, without limiting the generality of the foregoing, laws, by-laws or regulations dealing with the protection of the environment, health and safety. Lessee will obtain and maintain all necessary licenses, permits and permissions required for the use of the Equipment.

15. Alterations

15.1 All alterations, additions or improvements made by Lessee to the Equipment shall be at Lessee's expense and shall belong to and become the property of Lessor and be subject to all the provisions of this Leasing Agreement and the relevant Leasing Schedule.

16. Loss of Equipment

16.1 Lessee shall bear the risks of (i) any total loss, or loss that amounts, in the sole opinion of the Lessor, to a total loss of the Equipment through theft, damage, destruction, or even by superior force and (ii) any expropriation or other compulsory taking or use of the Equipment by any government or other authority ("Loss of Equipment"). If a Loss of Equipment occurs, Lessee shall pay to Lessor an amount calculated by discounting the aggregate amount of all Rental Installments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during

the remainder of the Term, using an assumed rate equal to the lesser of;

- i) five percent (5%);
- ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
- iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America).

16.2 Upon such payment, Lessor shall convey on an "as is", "where is" basis, subject to the rights of the insurer, all its right, title and interest in the Equipment and any claim for proceeds of loss of equipment, in which case the Lease shall terminate with respect to that Equipment, and no further rental payment shall be payable thereafter with respect to that Equipment. All Federal and Provincial sales or transfer taxes, licence fees and similar assessments connected with the transfer of Lessor's right, title and interest to the Equipment to Lessee shall be paid by Lessee.

17. Lessee's Acknowledgements - Foreseeable Damages

17.1 Lessee hereby acknowledges that Lessor:

- (a) has or will acquire the Equipment at the request and direction of Lessee and for the purpose of leasing same to Lessee under a Leasing Schedule; and
- (b) intends to treat the lease of Equipment to the Lessee as a true lease and to claim over the term of the lease all available tax benefits. Lessee acknowledges that if an Event of Default occurs, Lessor's return on its investment may be adversely affected. In that case Lessor may, in addition to its immediate loss of interest on its investments, sustain and claim from Lessee other foreseeable damages which cannot be quantified on the date of execution of this Lease Agreement or any Leasing Schedule. Those damages may include, without limitation, loss of fiscal benefits for the remainder of the term of any lease of any Equipment or increased tax liabilities or both, unanticipated increased administrative costs, amortized but unrecovered setup costs, fees and disbursements as well as additional or increased monetary liabilities towards any third party lender, under or by reason of such Event of Default and the premature termination of the lease of any Equipment and the funding thereof.

18. Events of Default

18.1 Any of the following is an "Event of Default":

- (a) Failure by Lessee to pay any Total Rental Installment or other amount pursuant to any Leasing Schedule.
- (b) Failure by Lessee to perform any of its obligations under Sections 11 or 14 of this Lease.
- (c) Failure of Lessee to perform any of its other obligations within 15 days of notice from Lessor as to the failure and requiring it to be rectified.
- (d) The bankruptcy or insolvency of Lessee, the filing against Lessee of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by Lessee, the appointment of a receiver or trustee for Lessee or for any assets of Lessee or the institution by or against Lessee of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise, or the institution by or against Lessee of any formal or informal proceedings for the dissolution or liquidation of, settlement of, claim against or winding up of affairs of Lessee.
- (e) The amalgamation of Lessee with another corporation or corporations, or continuation of Lessee under a statute other than the statute under which it exists at the date of execution of this Lease Agreement.
- (f) If any adverse claim becomes enforceable against Lessee affecting or against any Equipment.
- (g) Failure of the Lessee to perform any obligation it may have under any agreement with Royal Bank of Canada or any of its subsidiaries.
- (h) A change that is, in the opinion of Lessor, a material adverse change in the business, financial condition or ownership of Lessee or Equipment.

19. Lessor's Remedies on Default

19.1 If an Event of Default occurs, Lessor may, without notice to Lessee, take possession of all Equipment, and for that purpose may enter any premises where any of the Equipment is located. Lessor may sell, lease or otherwise dispose of Equipment for such consideration and upon such terms and conditions as it considers reasonable. This includes, without limitation, the right in the name of and as the irrevocably appointed agent and attorney of Lessee, to lease any item

of the Equipment to any other person upon such terms and conditions, for such rental and for such period of time as Lessor may deem reasonable, without terminating or being deemed to have terminated the relevant Leasing Schedule; and to receive that rental and hold and apply it against any amount owing by Lessee to Lessor under the Lease. All of these rights are without prejudice to Lessor's other rights and recourses against Lessee, at law or in equity.

19.2 If an Event of Default occurs, then whether or not Lessor has taken possession of any Equipment, Lessee shall pay to Lessor on demand an amount determined as follows:

- a) an amount calculated by discounting the aggregate amount of all Rental Installments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:
 - i) five percent (5%);
 - ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
 - iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America); plus.
- b) the amount of any damages described in Section 17.1 suffered or sustained by Lessor and not recovered pursuant to Section 19.2 (a); plus
- c) the amount of any Total Rental Installments or payments of interim rental due as of the date of Event of Default and unpaid, and any other amount due on that date and unpaid under the Lease; plus
- d) any cost of disposition of the Equipment; less
- e) the amount of any security deposits under that Leasing Schedule and any proceeds of the disposal of the Equipment actually received by Lessor.

19.3 If Lessor has leased Equipment pursuant to its rights under this Section 19 it may demand payment under Section 19.2, and account to Lessee for the proceeds of that lease as and when Lessor receives them.

19.4 If Lessor has not taken possession of the Equipment, and Lessee pays Lessor the amount determined under Section 19.2 hereof, then Lessor will convey all of its right, title and interest in all Equipment to Lessee, on the terms of Sections 21.5 and 21.6 hereof

20. Lessor's Option to Terminate

20.1 Lessee agrees that neither this Lease Agreement nor any Leasing Schedule, nor any interest therein or in any Equipment, shall be assignable or transferable by operation of law and it is agreed and covenanted by and between the parties hereto that if any Event of Default shall occur or happen, then this Lease Agreement and any and all Leasing Schedules shall, at the option of the Lessor to be exercised by notice hereunder, immediately end and terminate and neither this Lease Agreement nor any Leasing Schedule or any interest therein shall be an asset of Lessee after the exercise of that option; provided that no such termination shall terminate or affect any right or remedy which shall have arisen under the Lease prior to such termination.

21. Option to Purchase

21.1 If there is no Event of Default, Lessor hereby grants to Lessee an option to purchase whatever title Lessor may have to the Equipment for the purchase price and at the time or times set forth in the relevant Leasing Schedule.

21.2 This option to purchase may be exercised by Lessee by giving to Lessor notice of Lessee's intention to exercise such option, at least thirty (30) days prior to the date of intended purchase, describing the Equipment with respect to which such option is being exercised.

21.3 The intended purchase and sale shall be concluded on a date specified in the said notice falling on or after, the date stated in the relevant Leasing Schedule, but in any event not later than the termination date of the term pertaining to the Equipment being purchased.

21.4 Upon the exercise of this option, there shall be a binding agreement for the sale and purchase of the Equipment described in the notice on the terms and conditions provided herein. The purchase price shall be paid to Lessor at the time of the conclusion of the sale.

21.5 Upon this purchase, Lessor shall sell the Equipment so purchased free and clear of all interests of Lessor under this Lease Agreement

and any Leasing Schedule and thereupon this Lease shall terminate with respect to the Equipment so purchased. The sale shall be on an "as-is where-is" basis and be without representation or warranty by Lessor except that it has the right to sell the Equipment to Lessee and that it has not given any security interest in the Equipment to any third party.

21.6 Lessee shall bear the cost of any taxes, licence or registration fees or other assessments or charges imposed on, or connected with, the transfer of title to and ownership of the Equipment.

22. Remedying Defaults

22.1 If Lessee shall fail to perform or comply with any of its obligations under this Lease Agreement or any Leasing Schedule, Lessor at its discretion may do all such acts and make all such disbursements as may be necessary to cure the default and any costs incurred or disbursements made by Lessor incurring any such default shall be payable by Lessee on demand.

23. Indemnification

23.1 Lessee will indemnify Lessor and save Lessor harmless from and against all loss, costs, damage or expense of every nature and kind whatsoever sustained or suffered by Lessor, or for which the Lessor may be or become liable, resulting from:

- (a) the execution of the Lease Agreement or any Leasing Schedule by Lessor or the purchase or ownership by Lessor of the Equipment;
- (b) the non-acceptance by Lessee or the failure, refusal or neglect of Lessee to accept the Equipment;
- (c) the moving, delivery, maintenance, repair, use, operation or possession of the Equipment by Lessee or the ownership thereof or other rights held therein by Lessor; or
- (d) the failure of Lessee to comply with any of its obligations under the Lease Agreement or a Leasing Schedule;

unless caused by the act or neglect of Lessor, its servants or agents.

24. Assignment of Warranties

24.1 Lessor hereby assigns to Lessee the benefit of all warranties resulting from the sale entered into with the supplier for its use during the term of the Lease.

25. Patent Infringement

25.1 Lessee shall defend and hold Lessor free and harmless from any cost, loss, damage or expense suffered or incurred by Lessor in any suit, proceeding or otherwise so far as the same is based on any claim that the use or operation of the Equipment by Lessee infringes any patent or copyright.

26. Overdue Payment

26.1 Any overdue payment shall bear interest at the rate of Royal Bank Prime Interest Rate plus five per cent (5%) per annum calculated monthly whether before or after judgement, from the date it is due until paid.

27. Delivery at Termination

27.1 Lessee shall on the expiration or sooner termination of any Lease, surrender the Equipment to Lessor at a place in Canada designated by Lessor in good order and repair, ordinary wear and tear excepted.

27.2 In the event that with or without the consent of Lessor, Lessee remains in the possession of or uses the Equipment after the expiration of the term of the Lease pertaining thereto, all the provisions of the Lease shall apply thereto, including the payment of rental and all other payments required, unless and until the same has been surrendered pursuant to the terms of this section, or Lessor has relieved Lessee from its obligations under the Lease with respect to the Equipment.

28. Notice

28.1 Any notice required to be given hereunder shall be in writing and may be personally delivered or sent by facsimile or may be forwarded by registered mail. If any such notice is so mailed it shall be deemed to have been given by the sender and received by the party hereto to whom it has been addressed two business days after the due mailing thereof by prepaid registered mail addressed to the address shown on page 1 of this Lease Agreement or on the same business day if sent by delivery or facsimile.

28.2 Any person to whom a notice is required to be addressed may from time to time give notice of any change of address and in such event the foregoing addresses shall be deemed to have been changed accordingly.

29. Assignment and Sub-Letting

29.1 Lessee will not assign any Lease or sub-let any Equipment without the prior consent in writing of Lessor, such consent not to be unreasonably withheld. No assignment of the Lease or sub-letting of any Equipment shall relieve the Lessee of its obligations hereunder

nor shall any subletting be for a term which extends beyond the expiration of the term of the Lease Agreement.

30. Corporate Waiver

30.1 Lessee waives its right to receive a copy of any financing statement or financing change statement registered by Lessor.

30.2 The Lessee hereby acknowledges that seizure or repossession of the Equipment referred to in any Lease shall not, by implication of law, extinguish the Lessee's indebtedness under any such Lease or other collateral security.

31. Limitation of Civil Rights - Saskatchewan

31.1 Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Lease Agreement or any Leasing Schedule.

32. Successors and Assigns

32.1 The Lease Agreement and each Leasing Schedule shall enure to the benefit of, and be binding upon Lessor and Lessee, their successor and permitted assigns and the sub-lessees of Lessee. Lessor shall be at liberty to assign and otherwise deal with its rights under any Lease.

33. Location of Equipment

33.1 Lessee shall not part with possession of the Equipment.

33.2 Lessee declares that the Equipment will be located at the "Place of Use" in the relevant Leasing Schedule. If the location changes, Lessee will promptly give to Lessor notice of the new location not later than five (5) days after the change.

34. Records

34.1 Lessee shall maintain a record describing each item of Equipment, all changes, replacements, modifications and alterations thereto and the cost thereof. The record described shall be available to Lessor, its representatives or agents for inspection and to copy.

35. Offset

35.1 Lessee hereby waives any and all existing and future claims and offsets against any payment due to Lessor hereunder and agrees to pay those amounts due hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

36. Remedies Cumulative

36.1 All rights and remedies of Lessor hereunder are cumulative and not alternative and may be exercised by Lessor separately or together, in any order, sequence of combination.

37. Time

37.1 Time is and shall be in all respects of the essence of any Lease.

38. Entire Transaction

38.1 This Lease Agreement and Leasing Schedules represent the entire transaction between the parties hereto relating to the subject matter.

38.2 No agreement purporting to amend or modify this Lease Agreement or any Leasing Schedule or any document, paper or written relating hereto or thereto, or connected herewith or therewith, shall be valid and binding upon the parties hereto unless in writing and signed and accepted in writing by both parties hereto.

39. No Merger in Judgment.

In witness whereof the parties hereto have executed this Lease Agreement on the 7th day of May, 2007 over the hands of their proper signing officers duly authorized in that behalf:

Royal Bank of Canada

per _____

per _____

39.1 The taking of any judgment under this Lease Agreement or any Leasing Schedule shall not operate as a merger of any term, condition or provision hereof or thereof.

40. Further Assurances/Copy of Agreement

40.1 Lessee shall give further assurances and do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lessor to have the full benefit of all rights and remedies intended to be reserved or created hereby.

40.2 Lessee acknowledges receipt of a copy of this Lease Agreement.

41. Proper Law

41.1 This Lease Agreement and each Leasing Schedule hereto shall be governed, construed and enforced in accordance with the laws of the Province of Alberta.

42. Currency

42.1 All sums payable by Lessee to Lessor under this Lease Agreement or any Leasing Schedule hereto shall be paid in Canadian dollars, unless otherwise specified in the Leasing Schedule.

43. Language

43.1 This Lease Agreement and each Leasing Schedule are drawn up in the English language at the request of both parties.

Le présent contrat de location a été rédigé en langue anglaise à la demande des deux parties.

44. General

44.1 Any terms herein defined in the singular number shall have a corresponding meaning when used in the plural.

44.2 Any act or deed required to be observed, performed or done hereunder falling on a Saturday, Sunday or other statutory holiday shall be observed, performed or done on the business day next following but any delay hereby granted shall not extend to relieve either party from the due performance and fulfillment of its obligations hereunder.

45. Facsimile Language

45.1 The Lessor will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to the Lessor by facsimile, and will produce them to the Lessor upon request. Lessor and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

46. Financial Information

46.1 Lessee will provide to the Lessor from time to time such information about Lessee and Lessee's business as the Lessor shall reasonably request, including, without limitation, bank and financing ratings, any financial statements prepared by or for Lessee regarding Lessee's business.

North Paw Energy Services Ltd.

per _____

per _____



Leasing Schedule

(PPSA - S)

Lessee # 000015079 Lease # 27544

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of May 7, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
	1	Used 1999 Kenworth Truck	T800B	1XKDD80X4XR956459
		with 1999 Palfinger 12 Ton Folding Crane	PK32080	0512680
	1	Used 2005 Aspen Tridem Scissorneck Lowboy	HHT/RL	2A9LB50385N125027
	1	Used 1994 Komatsu Mini Excavator	PC03-2	15543

Including all attachments, additions, replacements, and substitutions.

2. Term	Term (in months)	36
	Commencement Date of Term	May 7, 2007
	Termination Date of Term	May 7, 2010

3. Rental	Rental Installment, payable Monthly, in Advance	\$6,372.49
	Goods & Service Tax, if any	\$382.35
	Harmonized Sales Tax, if any	\$0.00
	Provincial Tax, if any	\$0.00
	Total Monthly Rental Installment	\$6,754.84
	Security Deposit	\$0.00
	Other Charges	\$500.00

4. Option to Purchase	Option to Purchase Date	Purchase Price
	May 6, 2010	\$1.00

5. Place of Use Alberta

6. Equipment Acceptance Certificate
The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands, rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

North Paw Energy Services Ltd.

per

per

date

date

May 10/07

May 10/07

Date: May 7, 2007

Royal Bank of Canada
320 Front Street West,
9th Floor
Toronto, Ontario
M5V 3B6

BILL OF SALE

In consideration of your payment to us of the sum of two hundred six thousand dollars (\$206,000.00) plus GST of \$12,360.00 receipt of which is hereby acknowledged, the undersigned hereby sells, assigns and transfers to you all of the right, title and interest of the undersigned in and to the equipment listed below ("Equipment"):

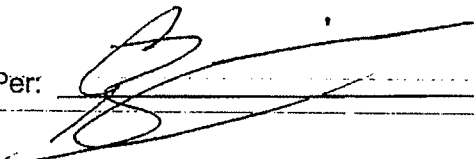
<u>Supplier Name</u>	<u>Invoice No.</u>	<u>Invoice Date</u>
Ritchie Bros. Auctioneers (Canada) Ltd	2007102	2007/04/18
Ritchie Bros. Auctioneers (Canada) Ltd	2007123	2007/03/28

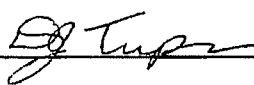
The undersigned represents and warrants to you that the undersigned has the right to sell, assign and transfer the Equipment to you, and all other interests, claims, liens, charges, encumbrances and security interests of any kind created by the undersigned.

The undersigned makes no other representation or warranty as to the Equipment, which is sold, assigned and transferred to you on an as is, where is basis.

North Paw Energy Services Ltd.

GST#: 853662393 RT0001

Per: 

Per: 



Amending Agreement (Equipment Lease Agreement)

THIS AGREEMENT made the 13th day of April 2009.

BETWEEN:

NORTH PAW ENERGY SERVICES LTD. ("Lessee"),

-and-

ROYAL BANK OF CANADA ("Royal Bank"),

WHEREAS:

Royal Bank and the Lessee entered into the following Equipment Lease or Leasing Schedule, hereinafter referred to as the "Lease"

15079-27544

Dated: May 7, 2007

IN CONSIDERATION OF the premises and the sum of TEN DOLLAR (\$10.00) paid by the Lessee to Royal Bank (the receipt and sufficiency of which is acknowledged) the parties agree as follows:

Please note the following assets have been paid out and will no longer show on lease:

1-1994 Komatsu PC03-2 Mini Excavator

1-1999 Kenworth T800B Crane (VIN: 1XKDDBOX4XR956459)

Royal Bank will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to Royal Bank by facsimile, including the application for this Amending Agreement if it was previously transmitted by facsimile to Royal Bank, and will produce them to Royal Bank upon request. Royal Bank and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

IN ALL OTHER RESPECTS the provisions of the Lease are hereby ratified and confirmed.

Fee of \$0.00 payable upon execution of this agreement.

ROYAL BANK OF CANADA

per _____
per _____

NORTH PAW ENERGY SERVICES LTD.

per _____
per _____



Leasing Schedule

(PPSA - S)

Lessee # 15079 Lease # 15364

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of May 7, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
		All equipment, goods and services as further detailed on the Equipment Schedule attached hereto, including all attachments, additions, replacements, and substitutions.		
2. Term		See attached Foreign Exchange Addendum for additional terms and provisions.		
	Term (in months)		37	
	Commencement Date of Term		March 4, 2009	
	Termination Date of Term		April 4, 2012	
3. Rental	Rental Installment, payable irregular, in Advance		See attached Payment Schedule	
	GST/HST, if any		See attached Payment Schedule	
	PST/QST, if any		See attached Payment Schedule	
	Total Irregular Rental Installment		See attached Payment Schedule	
	Security Deposit			\$0.00
	Other Charges			\$750.00
4. Option to Purchase	Option to Purchase Date			Purchase Price
	March 3, 2012			\$4,038.01
5. Place of Use	Alberta			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands, rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

North Paw Energy Services Ltd.

per

per

per

date

date

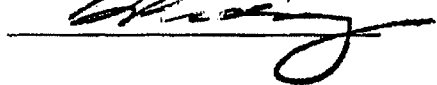
Mar 4/09

EQUIPMENT SCHEDULE

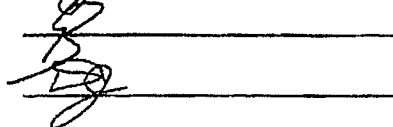
This is the Equipment Schedule attached to and forming part of Lease No. 15079-15384 (the "Lease") between North Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Vendor	Invoice #	Invoice Date	Equipment Cost
North Paw Energy Services Ltd.	Bill of Sale	March 4, 2009	\$403,801.45

Initialed by
Royal Bank of Canada:



Initialed by
North Paw Energy Services Ltd.:

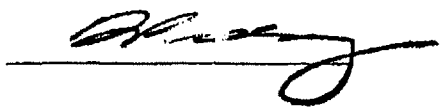


Payment Schedule

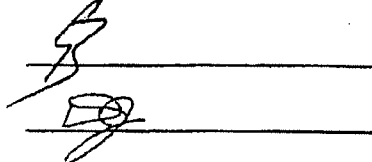
This is the Payment Schedule attached to and forming part of Lease No 15079-15364, (the "Lease") between North Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Number of Rentals	From (Inclusive)	To (Inclusive)	Amount of each Rental Payment	GST/HST	PST/QST	Total Rental Payment
1	03/04/2009	04/03/2009	\$100,950.38	\$5,047.52	\$0.00	\$105,997.88
36	04/04/2009	04/04/2012	\$9,125.14	\$456.26	\$0.00	\$9,581.40

Initialed by
Royal Bank of Canada:



Initialed by
North Paw Energy Services Ltd.



(PPSA)

Date: March 4, 2009

Royal Bank of Canada
320 Front Street West,
9th Floor
Toronto, Ontario
M5V 3B6

BILL OF SALE

In consideration of your payment to us of the sum of four hundred three thousand eight hundred one dollars and forty five cents (\$403,801.45) plus GST of \$20,190.07 receipt of which is hereby acknowledged, the undersigned hereby sells, assigns and transfers to you all of the right, title and interest of the undersigned in and to the equipment listed below ("Equipment"):

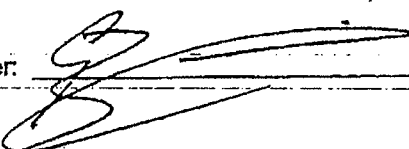
<u>Supplier Name</u>	<u>Invoice No.</u>	<u>Invoice Date</u>	<u>Invoice Amount</u>
Global Mining Solutions	98	12/8/2008	\$344,000.00 USD

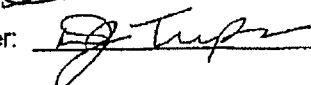
The undersigned represents and warrants to you that the undersigned has the right to sell, assign and transfer the Equipment to you, and all other interests, claims, liens, charges, encumbrances and security interests of any kind created by the undersigned.

The undersigned makes no other representation or warranty as to the Equipment, which is sold, assigned and transferred to you on an as is, where is basis.

North Paw Energy Services Ltd.

GST#: 853662393

Per: 

Per: 



GLOBAL MINING SOLUTIONS
P.O. BOX 1302
SALOME, AZ 85348

Invoice

Invoice No: 98
Date: 12/8/2008
Terms: Net 00
Due Date: 12/8/2008
Order No: 120808
Territory:
Sales Person: phil

Bill To:

Ian Connellan
North Paw Energy Services
PO Box 22007
Medicine Hat, AB T1A 8H6

Ship To:

Ian Connellan

Ship Date
1/8/2009

Ship Via

Tracking No

FOB

Code	Description	Quantity	Rate	Amount
92.5	Scrubber wash plant	1.00	\$87,600.00	\$87,600.00*
92.5	Feed conveyor	1.00	\$15,000.00	\$15,000.00*
92.5	Tailings conveyor	1.00	\$12,500.00	\$12,500.00*
92.5	Sand chutes (set)	1.00	\$15,000.00	\$15,000.00*
92.5	Flat open topped concentrate conveyor	1.00	\$5,625.00	\$5,625.00*
92.5	elevated concentrate conveyor	1.00	\$5,000.00	\$5,000.00*
92.5	6 inch high pressure water pump on trailer	1.00	\$25,000.00	\$25,000.00*
	50kva Perkins generator	1.00	\$20,000.00	\$20,000.00*
	set of cables for plant	1.00	\$1,250.00	\$1,250.00*
92.5	Manifold for water distribution	1.00	\$1,875.00	\$1,875.00*
	10 x 6m steel pipes (5')	1.00	\$2,500.00	\$2,500.00*
92.5	Trailer	1.00	\$18,750.00	\$18,750.00*

Code	Description	Quantity	Rate	Amount
92.5	1000-D wash plant	1.00	\$58,250.00	\$58,250.00*
92.5	1000-S shaker table	1.00	\$31,250.00	\$31,250.00*
92.5	Rp-4 shaker clean-up table	2.00	\$3,750.00	\$7,500.00*

* Indicates non-taxable item

We appreciate your business.

Subtotal	\$306,000.00
Tax (0.00%)	\$0.00
Shipping	\$38,000.00
Total	\$344,000.00
Deposit	\$61,200.00
Balance Due	\$282,800.00



Master Lease Agreement (PPSA - S)

This lease agreement (the "Lease Agreement") made as of the 23rd day of August, 2007, between

ROYAL BANK OF CANADA ("Lessor")

and North Paw Energy Services Ltd. ("Lessee")

Address:
320 Front Street West
11th Floor,
Toronto, Ontario
M5V 3B6

Address:
PO Box 22007 RPO Med Hat Core
Medicine Hat, Alberta
T1A 8M5

Lessor and Lessee agree as follows:

1. Leasing of Equipment

- 1.1 Lessor may, from time to time, at its option, on the request of Lessee, acquire equipment for leasing to the Lessee ("Equipment"), pursuant to the terms of this Lease Agreement and the relevant supplemental agreement ("Leasing Schedule").
- 1.2 Neither the Lessor, nor the Lessee on behalf of Lessor, will order or acquire any Equipment unless Lessee has executed such documents and agreements as Lessor may require. Lessee will advise Lessor promptly of any Equipment ordered or acquired by Lessee on behalf of Lessor pursuant to this Lease Agreement.
- 1.3 Lessee will provide Lessor with a copy of the invoice for each item of Equipment to be purchased pursuant to this Lease Agreement, addressed to Lessor. A Leasing Schedule for that Equipment shall be entered into before payment is made for the Equipment.
- 1.4 Lessee shall conduct such acceptance testing of any Equipment to be purchased pursuant to this Lease Agreement as may be appropriate in the circumstances, and promptly upon successful completion of that acceptance testing shall sign the relevant Leasing Schedule for the Equipment, and return one executed Leasing Schedule to the Lessor.
- 1.5 Lessor shall have no responsibility under any purchase order or any purchase or license agreement or any Leasing Schedule if Lessee does not accept the Equipment and sign and deliver to Lessor the Leasing Schedule(s) and acceptance certificate for that Equipment. Any agreement with the seller of the Equipment will include a provision to this effect.
- 1.6 Each Leasing Schedule shall constitute a separate Lease of the Equipment described in the Leasing Schedule but incorporating the terms of this Lease Agreement. In the event of a conflict between the terms of this Lease Agreement and any Leasing Schedule with respect to any Lease, the terms of the Leasing Schedule shall govern.
- 1.7 Terms not otherwise defined herein shall have the same meaning ascribed under the Leasing Schedule.

2. Payment of Equipment Cost

- 2.1 Lessor will pay the agreed cost to be funded by Lessor for the Equipment acquired pursuant to this Lease Agreement on the later of: (i) the due date for payment, and (ii) delivery of the signed Leasing Schedule.

3. Rental

- 3.1 Lessee shall pay to Lessor the rental payable, as set out in the Leasing Schedule. The first installment is payable on the Commencement Date of the Term and the last of such installments is payable on the Termination Date of Term, all as shown on the relevant Leasing Schedule.

4. Rent Payment

- 4.1 The Total Rental Installments shall be paid at the office of Lessor, at the address set out on page 1 of this Lease Agreement, or at such other place in Canada as Lessor may from time to time designate by notice.

5. Ownership

- 5.1 Title to, ownership of, and property in, the Equipment shall at all times be and remain solely and exclusively in the Lessor, subject only to the rights of Lessee to use the Equipment pursuant to the provisions of this Lease, and to purchase the same pursuant to any option granted in the relevant Leasing Schedule.

6. Personal Property

- 6.1 Notwithstanding any purposes for which the Equipment may be used or that it may become in any manner affixed or attached to or embedded in or permanently rested upon land or any structure

thereon, it shall remain moveable personal property, and subject to all of the rights of Lessor under the Lease to which it is subject.

- 6.2 Lessee agrees to use all reasonable commercial efforts to obtain a waiver, if required by and in a form satisfactory to Lessor, from any landlord, mortgagee, hypothecary creditor or other encumbrancers or any person having any interest in the land or structure referred to in Section 6.1 hereof consenting to this Lease Agreement and any relevant Leasing Schedule, and to the exercise by Lessor of its rights thereunder and hereunder and declaring that such encumbrances do not affect the Equipment.
- 6.3 Solely for the purpose of, and to the extent reasonably necessary to protect the interest of the Lessor as to its title and first priority interest in the Equipment, and without election or admission that this Agreement or any Leasing Schedule is a finance lease, the Lessee grants a security interest in any interest of the Lessee in the Equipment to the Lessor.

7. Licence

7.1 Lessee agrees that Lessor:

- (a) may at any time and from time to time, if an Event of Default (s.18) has occurred and is continuing, enter upon any lands and premises where any Equipment is located with all such force as may be reasonably required, to dismantle, detach and remove the Equipment or render it unusable;
- (b) shall not be liable for any damage done to those lands or premises in exercising those rights, save only such damage as may be caused by the gross negligence or wilful act of Lessor or its agents or servants; and
- (c) may, at its election, register, by way of caveat or otherwise, against those lands and premises of its rights under the Lease.

8. Exclusion of Warranties

- 8.1 Lessee acknowledges that the Equipment will be personally chosen and selected by Lessee and that it will be of a make, size, design and capacity specified by Lessee for the purpose intended by Lessee.
- 8.2 Lessee confirms that Lessor does not make or give any representation or warranty, express or implied, as to the Equipment, its condition, fitness or suitability for any particular use intended by Lessee.
- 8.3 Lessee shall bear the risk of any theft, loss or destruction of or damage to any item of Equipment. Lessee acknowledges that none of these events will in any way affect its obligations, which will continue in full force and effect, except to the extent of any proceeds of any insurance maintained by Lessee that are actually received by Lessor.
- 8.4 Lessee shall not exert or claim against Lessor any defense, write-off, set-off, claim or counterclaim to which Lessee may be entitled against the supplier(s), and no such right shall affect the Lessor's obligations.

9. Maintenance and Use

9.1 Lessee will, at its own expense:

- (a) keep the Equipment in good operating condition and repair including, without limitation, the repair of any damage to the Equipment, whatever the cost, except for the repair of ordinary wear and tear, provided that Lessee will repair ordinary wear and tear if such repair is required to maintain the Equipment in good operating condition and repair; and
 - (b) comply in all respects with all recommendations, or requirements of the supplier(s) or manufacturer(s) regarding the Equipment, as may be necessary to preserve all warranties.
- 9.2 Any parts or anything else that are, as part of Lessee's maintenance and repair of the Equipment, placed in or upon the Equipment shall

form part of the Equipment, become property of the Lessor, and be free of all adverse claims.

10 Inspection

10.1 Lessor and its agents shall have the right to inspect the Equipment at any reasonable time upon reasonable notice to Lessee, and Lessee shall afford all reasonable facilities required by the Lessor or its agents for the purpose of inspection, and for that purpose may enter any premises where the Equipment is located.

11 Insurance

11.1 As and from the earlier of the date upon which Lessor acquires ownership of, or title to, the Equipment or the date on which Lessee takes possession or control of the Equipment, and thereafter throughout the term of each relevant Leasing Schedule, Lessee shall, at its sole expense:

(a) place and maintain all risks property insurance on the Equipment, in amounts satisfactory to Lessor, consistent with Lessee's normal and usual practice for insuring equipment of the same general classification. This property damage insurance shall specifically state by its wording or by endorsement that it:

- i) includes Lessor (as owner) as an additional named insured,
- ii) includes a loss payable clause in favour of Lessor,
- iii) includes a waiver of subrogation clause in favour of Lessor;

(b) place and maintain comprehensive general liability insurance, and automobile liability insurance in the case of leased licensed motor vehicles, with limits of liability satisfactory to Lessor for injury to or death of any one or more persons or damage to property. Said insurance shall specifically state by its wording or by endorsement that it:

- i) extends to cover the liabilities of the Lessee from the use or possession of the Equipment,
- ii) includes Lessor as an additional named insured, and
- iii) includes a cross liability provision that the policy shall insure each person, firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each, but the inclusion therein of more than one insured shall not operate to increase the limits of the insurers' liability.

11.2 Lessee shall supply Lessor with a certificate of insurance or other evidence satisfactory to Lessor evidencing the foregoing coverage and evidence of its renewal or replacement from time to time, so long as any Leasing Schedule remains in force and effect.

12 Taxes

12.1 Lessee shall pay punctually all sales taxes, licence fees, business taxes, levies and assessments of every nature and kind whatsoever which be or become payable at any time or from time to time upon, or in respect of, the Equipment, and any payments to be made under this Lease Agreement or any Leasing Schedule, except for income taxes payable by Lessor.

13 Adverse Claims

13.1 Lessee shall keep the Equipment free and clear of all adverse claims. Lessee may contest any adverse claim provided that Lessee:

- a) gives Lessor notice of the adverse claim;
- b) provides Lessor with an indemnity and collateral security, both satisfactory to Lessor; and
- c) contests the adverse claim with all due dispatch.

14 Laws and Regulations

14.1 Lessee shall comply with all laws, by-laws and regulations relating to the ownership, possession, operation and maintenance of the Equipment including, without limiting the generality of the foregoing, laws, by-laws or regulations dealing with the protection of the environment, health and safety. Lessee will obtain and maintain all necessary licenses, permits and permissions required for the use of the Equipment.

15 Alterations

15.1 All alterations, additions or improvements made by Lessee to the Equipment shall be at Lessee's expense and shall belong to and become the property of Lessor and be subject to all the provisions of this Leasing Agreement and the relevant Leasing Schedule.

16 Loss of Equipment

16.1 Lessee shall bear the risks of (i) any total loss, or loss that amounts, in the sole opinion of the Lessor, to a total loss of the Equipment through theft, damage, destruction, or even by superior force and (ii) any expropriation or other compulsory taking or use of the Equipment by any government or other authority ("Loss of Equipment"). If a Loss of Equipment occurs, Lessee shall pay to Lessor an amount calculated by discounting the aggregate amount

of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of;

- i) five percent (5%);
- ii) the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
- iii) the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America).

16.2 Upon such payment, Lessor shall convey on an "as is", "where is" basis, subject to the rights of the insurer, all its right, title and interest in the Equipment and any claim for proceeds of loss of equipment, in which case the Lease shall terminate with respect to that Equipment, and no further rental payment shall be payable thereafter with respect to that Equipment. All Federal and Provincial sales or transfer taxes, licence fees and similar assessments connected with the transfer of Lessor's right, title and interest to the Equipment to Lessee shall be paid by Lessee.

17 Lessee's Acknowledgements - Foreseeable Damages

17.1 Lessee hereby acknowledges that Lessor:

- (a) has or will acquire the Equipment at the request and direction of Lessee and for the purpose of leasing same to Lessee under a Leasing Schedule; and
- (b) intends to treat the lease of Equipment to the Lessee as a true lease and to claim over the term of the lease all available tax benefits. Lessee acknowledges that if an Event of Default occurs, Lessor's return on its investment may be adversely affected. In that case Lessor may, in addition to its immediate loss of interest on its investments, sustain and claim from Lessee other foreseeable damages which cannot be quantified on the date of execution of this Lease Agreement or any Leasing Schedule. Those damages may include, without limitation, loss of fiscal benefits for the remainder of the term of any lease of any Equipment or increased tax liabilities or both, unanticipated increased administrative costs, amortized but unrecovered setup costs, fees and disbursements as well as additional or increased monetary liabilities towards any third party lender, under or by reason of such Event of Default and the premature termination of the lease of any Equipment and the funding thereof.

18 Events of Default

18.1 Any of the following is an "Event of Default":

- (a) Failure by Lessee to pay any Total Rental Installment or other amount pursuant to any Leasing Schedule.
- (b) Failure by Lessee to perform any of its obligations under Sections 11 or 14 of this Lease.
- (c) Failure of Lessee to perform any of its other obligations within 15 days of notice from Lessor as to the failure and requiring it to be rectified.
- (d) The bankruptcy or insolvency of Lessee, the filing against Lessee of a petition in bankruptcy, the making of an authorized assignment for the benefit of creditors by Lessee, the appointment of a receiver or trustee for Lessee or for any assets of Lessee or the institution by or against Lessee of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise, or the institution by or against Lessee of any formal or informal proceedings for the dissolution or liquidation of, settlement of, claim against or winding up of affairs of Lessee.
- (e) The amalgamation of Lessee with another corporation or corporations, or continuation of Lessee under a statute other than the statute under which it exists at the date of execution of this Lease Agreement.
- (f) If any adverse claim becomes enforceable against Lessee affecting or against any Equipment.
- (g) Failure of the Lessee to perform any obligation it may have under any agreement with Royal Bank of Canada or any of its subsidiaries.
- (h) A change that is, in the opinion of Lessor, a material adverse change in the business, financial condition or ownership of Lessee or Equipment.

19 Lessor's Remedies on Default

19.1 If an Event of Default occurs, Lessor may, without notice to Lessee, take possession of all Equipment, and for that purpose may enter any premises where any of the Equipment is located. Lessor may

- sell, lease or otherwise dispose of Equipment for such consideration and upon such terms and conditions as it considers reasonable. This includes, without limitation, the right in the name of and as the irrevocably appointed agent and attorney of Lessee, to lease any item of the Equipment to any other person upon such terms and conditions, for such rental and for such period of time as Lessor may deem reasonable, without terminating or being deemed to have terminated the relevant Leasing Schedule, and to receive that rental and hold and apply it against any amount owing by Lessee to Lessor under the Lease. All of these rights are without prejudice to Lessor's other rights and recourses against Lessee, at law or in equity.
- 19.2 If an Event of Default occurs, then whether or not Lessor has taken possession of any Equipment, Lessee shall pay to Lessor on demand an amount determined as follows:
- an amount calculated by discounting the aggregate amount of all Rental Instalments, including the Purchase Option amount, if any, specified under the applicable Leasing Schedule which were to be paid during the remainder of the Term, using an assumed rate equal to the lesser of:
 - five percent (5%);
 - the bond rate at the date, for the equivalent term to maturity, of the applicable Leasing Schedule; and
 - the bond rate at the date of the discount calculation for a term equivalent to the remaining term of such Leasing Schedule (with, in the case of (ii) and (iii), Canadian dollar obligations being benchmarked against bonds issued by the Government of Canada and U.S. dollar obligations being benchmarked against bonds issued by the Government of the United States of America); plus.
 - the amount of any damages described in Section 17.1 suffered or sustained by Lessor and not recovered pursuant to Section 19.2 (a); plus
 - the amount of any Total Rental Installments or payments of interim rental due as of the date of Event of Default and unpaid, and any other amount due on that date and unpaid under the Lease; plus
 - any cost of disposition of the Equipment; less
 - the amount of any security deposits under that Leasing Schedule and any proceeds of the disposal of the Equipment actually received by Lessor.
- 19.3 If Lessor has leased Equipment pursuant to its rights under this Section 19 it may demand payment under Section 19.2, and account to Lessee for the proceeds of that lease as and when Lessor receives them.
- 19.4 If Lessor has not taken possession of the Equipment, and Lessee pays Lessor the amount determined under Section 19.2 hereof, then Lessor will convey all of its right, title and interest in all Equipment to Lessee, on the terms of Sections 21.5 and 21.6 hereof
- 20. Lessor's Option to Terminate**
- 20.1 Lessee agrees that neither this Lease Agreement nor any Leasing Schedule, nor any interest therein or in any Equipment, shall be assignable or transferable by operation of law and it is agreed and covenanted by and between the parties hereto that if any Event of Default shall occur or happen, then this Lease Agreement and any and all Leasing Schedules shall, at the option of the Lessor to be exercised by notice hereunder, immediately end and terminate and neither this Lease Agreement nor any Leasing Schedule or any interest therein shall be an asset of Lessee after the exercise of that option; provided that no such termination shall terminate or affect any right or remedy which shall have arisen under the Lease prior to such termination.
- 21. Option to Purchase**
- 21.1 If there is no Event of Default, Lessor hereby grants to Lessee an option to purchase whatever title Lessor may have to the Equipment for the purchase price and at the time or times set forth in the relevant Leasing Schedule.
- 21.2 This option to purchase may be exercised by Lessee by giving to Lessor notice of Lessee's intention to exercise such option, at least thirty (30) days prior to the date of intended purchase, describing the Equipment with respect to which such option is being exercised.
- 21.3 The intended purchase and sale shall be concluded on a date specified in the said notice falling on or after, the date stated in the relevant Leasing Schedule, but in any event not later than the termination date of the term pertaining to the Equipment being purchased.
- 21.4 Upon the exercise of this option, there shall be a binding agreement for the sale and purchase of the Equipment described in the notice on the terms and conditions provided herein. The purchase price shall be paid to Lessor at the time of the conclusion of the sale.
- 21.5 Upon this purchase, Lessor shall sell the Equipment so purchased free and clear of all interests of Lessor under this Lease Agreement and any Leasing Schedule and thereupon this Lease shall terminate with respect to the Equipment so purchased. The sale shall be on an "as-is where-is" basis and be without representation or warranty by Lessor except that it has the right to sell the Equipment to Lessee and that it has not given any security interest in the Equipment to any third party.
- 21.6 Lessee shall bear the cost of any taxes, licence or registration fees or other assessments or charges imposed on, or connected with, the transfer of title to and ownership of the Equipment.
- 22. Remedying Defaults**
- 22.1 If Lessee shall fail to perform or comply with any of its obligations under this Lease Agreement or any Leasing Schedule, Lessor at its discretion may do all such acts and make all such disbursements as may be necessary to cure the default and any costs incurred or disbursements made by Lessor incurring any such default shall be payable by Lessee on demand.
- 23. Indemnification**
- 23.1 Lessee will indemnify Lessor and save Lessor harmless from and against all loss, costs, damage or expense of every nature and kind whatsoever sustained or suffered by Lessor, or for which the Lessor may be or become liable, resulting from:
- the execution of the Lease Agreement or any Leasing Schedule by Lessor or the purchase or ownership by Lessor of the Equipment;
 - the non-acceptance by Lessee or the failure, refusal or neglect of Lessee to accept the Equipment;
 - the moving, delivery, maintenance, repair, use, operation or possession of the Equipment by Lessee or the ownership thereof or other rights held therein by Lessor; or
 - the failure of Lessee to comply with any of its obligations under the Lease Agreement or a Leasing Schedule; unless caused by the act or neglect of Lessor, its servants or agents.
- 24. Assignment of Warranties**
- 24.1 Lessor hereby assigns to Lessee the benefit of all warranties resulting from the sale entered into with the supplier for its use during the term of the Lease.
- 25. Patent Infringement**
- 25.1 Lessee shall defend and hold Lessor free and harmless from any cost, loss, damage or expense suffered or incurred by Lessor in any suit, proceeding or otherwise so far as the same is based on any claim that the use or operation of the Equipment by Lessee infringes any patent or copyright.
- 26. Overdue Payment**
- 26.1 Any overdue payment shall bear interest at the rate of Royal Bank Prime Interest Rate plus five per cent (5%) per annum calculated monthly whether before or after judgement, from the date it is due until paid.
- 27. Delivery at Termination**
- 27.1 Lessee shall on the expiration or sooner termination of any Lease, surrender the Equipment to Lessor at a place in Canada designated by Lessor in good order and repair, ordinary wear and tear excepted.
- 27.2 In the event that with or without the consent of Lessor, Lessee remains in the possession of or uses the Equipment after the expiration of the term of the Lease pertaining thereto, all the provisions of the Lease shall apply thereto, including the payment of rental and all other payments required, unless and until the same has been surrendered pursuant to the terms of this section, or Lessor has relieved Lessee from its obligations under the Lease with respect to the Equipment.
- 28. Notice**
- 28.1 Any notice required to be given hereunder shall be in writing and may be personally delivered or sent by facsimile or may be forwarded by registered mail. If any such notice is so mailed it shall be deemed to have been given by the sender and received by the party hereto to whom it has been addressed two business days after the due mailing thereof by prepaid registered mail addressed to the address shown on page 1 of this Lease Agreement or on the same business day if sent by delivery or facsimile.
- 28.2 Any person to whom a notice is required to be addressed may from time to time give notice of any change of address and in such event

the foregoing addresses shall be deemed to have been changed accordingly.

29. Assignment and Sub-Letting

29.1 Lessee will not assign any Lease or sub-let any Equipment without the prior consent in writing of Lessor, such consent not to be unreasonably withheld. No assignment of the Lease or sub-letting of any Equipment shall relieve the Lessee of its obligations hereunder nor shall any subletting be for a term which extends beyond the expiration of the term of the Lease Agreement.

30. Corporate Waiver

30.1 Lessee waives its right to receive a copy of any financing statement or financing change statement registered by Lessor.

30.2 The Lessee hereby acknowledges that seizure or repossession of the Equipment referred to in any Lease shall not, by implication of law, extinguish the Lessee's indebtedness under any such Lease or other collateral security.

31. Limitation of Civil Rights - Saskatchewan

31.1 Lessee covenants and agrees with Lessor that The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Lease Agreement or any Leasing Schedule.

32. Successors and Assigns

32.1 The Lease Agreement and each Leasing Schedule shall enure to the benefit of, and be binding upon Lessor and Lessee, their successor and permitted assigns and the sub-lessees of Lessee. Lessor shall be at liberty to assign and otherwise deal with its rights under any Lease.

33. Location of Equipment

33.1 Lessee shall not part with possession of the Equipment.

33.2 Lessee declares that the Equipment will be located at the "Place of Use" in the relevant Leasing Schedule. If the location changes, Lessee will promptly give to Lessor notice of the new location not later than five (5) days after the change.

34. Records

34.1 Lessee shall maintain a record describing each item of Equipment, all changes, replacements, modifications and alterations thereto and the cost thereof. The record described shall be available to Lessor, its representatives or agents for inspection and to copy.

35. Offset

35.1 Lessee hereby waives any and all existing and future claims and offsets against any payment due to Lessor hereunder and agrees to pay those amounts due hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

36. Remedies Cumulative

36.1 All rights and remedies of Lessor hereunder are cumulative and not alternative and may be exercised by Lessor separately or together, in any order, sequence of combination.

37. Time

37.1 Time is and shall be in all respects of the essence of any Lease.

38. Entire Transaction

38.1 This Lease Agreement and Leasing Schedules represent the entire transaction between the parties hereto relating to the subject matter.

38.2 No agreement purporting to amend or modify this Lease Agreement or any Leasing Schedule or any document, paper or written relating hereto or thereto, or connected herewith or therewith, shall be valid

and binding upon the parties hereto unless in writing and signed and accepted in writing by both parties hereto.

39. No Merger in Judgment

39.1 The taking of any judgment under this Lease Agreement or any Leasing Schedule shall not operate as a merger of any term, condition or provision hereof or thereof.

40. Further Assurances/Copy of Agreement

40.1 Lessee shall give further assurances and do, execute and perform all such acts, deeds, documents and things as may be reasonably required to enable Lessor to have the full benefit of all rights and remedies intended to be reserved or created hereby.

40.2 Lessee acknowledges receipt of a copy of this Lease Agreement.

41. Proper Law

41.1 This Lease Agreement and each Leasing Schedule hereto shall be governed, construed and enforced in accordance with the laws of the Province of Alberta.

42. Currency

42.1 All sums payable by Lessee to Lessor under this Lease Agreement or any Leasing Schedule hereto shall be paid in Canadian dollars, unless otherwise specified in the Leasing Schedule.

43. Language

43.1 This Lease Agreement and each Leasing Schedule are drawn up in the English language at the request of both parties.
Le présent contrat de location a été rédigé en langue anglaise à la demande des deux parties.

44. General

44.1 Any terms herein defined in the singular number shall have a corresponding meaning when used in the plural.

44.2 Any act or deed required to be observed, performed or done hereunder falling on a Saturday, Sunday or other statutory holiday shall be observed, performed or done on the business day next following but any delay hereby granted shall not extend to relieve either party from the due performance and fulfillment of its obligations hereunder.

45. Facsimile Language

45.1 The Lessor will be entitled to rely on any signature appearing on a facsimile transmission that purports to be a signature of the Lessee or of a representative of the Lessee as being authorized, valid and binding on the Lessee, even if the signature was not, in fact, signed by the Lessee or its representative. The Lessee will keep the originals of all documents and instructions transmitted to the Lessor by facsimile, and will produce them to the Lessor upon request. Lessor and the Lessee agree that a copy of a document transmitted by fax shall be admissible as evidence of its contents and its execution by the parties in the same manner as an original document, and expressly waive any right to object to its introduction in evidence, including any right to object based on the best evidence rule.

46. Financial Information

46.1 Lessee will provide to the Lessor from time to time such information about Lessee and Lessee's business as the Lessor shall reasonably request, including, without limitation, bank and financing ratings, any financial statements prepared by or for Lessee regarding Lessee's business.

In witness whereof the parties hereto have executed this Lease Agreement on the 23rd day of August, 2007 over the hands of their proper signing officers duly authorized in that behalf:

Royal Bank of Canada

North Paw Energy Services Ltd.

per

per

per

per



Leasing Schedule

(PPSA - S)

Lessee # 15079 Lease # 10585

Royal Bank of Canada, as Lessor, hereby leases to North Paw Energy Services Ltd. as Lessee, the Equipment hereinafter described, in consideration of rental and for the term hereinafter set forth the whole pursuant to and subject to the terms and conditions set forth in that certain Master Leasing Agreement entered into between the Lessor and the Lessee as of August 23, 2007

1. Equipment	Quantity	Make and Description	Model Number	Serial Number
		All equipment, goods and services as further detailed on the Equipment Schedule attached hereto, including all attachments, additions, replacements, and substitutions.		
2. Term	See attached Foreign Exchange Addendum for additional terms and provisions.			
	Term (in months)		42	
	Commencement Date of Term		August 23, 2007	
	Termination Date of Term		February 23, 2011	
3. Rental	Rental Installment, payable Monthly, in Advance			\$9,842.49
	GST/HST, if any			\$590.55
	PST/QST, if any			\$0.00
	Total Monthly Rental Installment			\$10,433.04
	Security Deposit			\$0.00
	Other Charges			\$500.00
4. Option to Purchase	Option to Purchase Date			Purchase Price
	August 22, 2010			\$54,755.04
5. Place of Use	Alberta			
6. Equipment Acceptance Certificate	The Lessee hereby certifies that all the equipment identified above in Section (1) of this Leasing Schedule has been received in good condition as ordered and has been assembled, installed, tested, etc., applicable, and is operating in accordance with the manufacturers' specification. Lessee has made or caused to be made all such tests and inspections of the Equipment, as they have reasonably deemed necessary to satisfy themselves as to the foregoing. Without prejudice to the Lessee's rights against manufacturers, suppliers or other, the Lessee hereby releases and discharges the Lessor from any and all actions, causes of actions, claims, demands rights, defences, setoffs, abatements and compensation now or hereinafter arising out of or in relation to the Equipment, or, without limitation, any latent defect therein.			

As provided in the Master Lease Agreement, the Lessor will be entitled to rely on facsimile transmissions from the Lessee.

The parties hereto have each executed this Leasing Schedule on the respective dates set forth below and this schedule is deemed to have been executed on the later of such dates. All appendices, if any, attached to this schedule form part of the Leasing Schedule.

ROYAL BANK OF CANADA

North Paw Energy Services Ltd.

per

per

date

date

Sept 10/07

Sept 10/07

EQUIPMENT SCHEDULE

This is the Equipment Schedule attached to and forming part of Lease No. 15079-10585 (the "Lease") between North-Paw Energy Services Ltd. as Lessee and Royal Bank of Canada as Lessor.

Vendor	Invoice #	Invoice Date	Equipment Cost
Artex - USA	IN-2007087	August 13, 2007	US\$338,088.00

TOTAL NET EQUIPMENT COST IN CANADIAN FUNDS IS \$365,033.61.

Initialed by
Royal Bank of Canada:

Initialed by
North Paw Energy Services Ltd.:

Artex -USA

6351 Highway 36 South
Brenham, TX 77833-7055**Invoice**

Date	Invoice #
8/13/2007	IN-2007087

Bill To
Royal Bank Of Canada Wayne Horb 580 - 3rd Street S.E. Medicine Hat, Alberta T1A 0H3

Ship To
Royal Bank Of Canada Wayne Horb 580 - 3rd Street S.E. Medicine Hat, AB T1A 0H3

P.O. Number		Terms	Rep	Ship	Via	F.O.B.	Project	
Holding		COD	RM	8/13/2007	Will Call	Brenham, TX		
Quantity	Item Code	Description				Price Each	Amount	
1	1	Wireline Truck For Liner Pulling				338,088.00	338,088.00	
		Complete with Drawworks.						
1	1	Deposit Received - Wire Transfer for North Paw/Advantage				-99,985.00	-99,985.00	
		Oilfield Group						
		Sales Tax Washington County				6.75%	0.00	
Funds payable in US Dollars in Washington County						Total	\$238,103.00	



**Brenham Artex LLC
Dba: ARTEX - USA
6351 Highway 36 South
Brenham, Texas, 77833-7055**

Phone: (979) 836-5533 *Ext 129*
Fax: (979) 836-8822
E-Mail: marcos@artex-usa.com
Web: www.artex-usa.com

Wire Transfer Instructions;

Please wire funds to the following:

Wells Fargo Bank, N.A.
200 West Vulcan Street
Brenham, Texas, 77833
Pay to the account of:
Brenham Artex LLC
D/B/A/ ARTEX-USA
Account #: 0612913350
Routing #: 111900659

(979) 251-2002

Thank You For Your Business!

FOREIGN EXCHANGE ADDENDUM
 attached to Lease # 15079-10585 between
Royal Bank of Canada (as Lessor)
 and **North Paw Energy Services Ltd. (as Lessee)**

This addendum forms part of and is incorporated into a Lease between the undersigned Lessor and the undersigned Lessee, such lease having been signed by the Lessee on August 23, 2007.

Lessee acknowledges that Lessor is required to pay both the purchase price for the Equipment and all applicable duties and taxes in Vendor's local currency. For this purpose, Lessor will purchase the appropriate currency at such time, in such amounts, and on such terms as Lessor in its sole discretion, considers advisable in the circumstances.

The foreign exchange rate used to prepare the leasing agreements was 1.079700 (hereinafter called the "Currency Rate") on the abovementioned date.

Whenever there is a difference between the Lessor's actual total cost, in Canadian Funds, for the Equipment and the Estimated Total Cost thereof, in Canadian Funds, of \$365,033.61 (as calculated by the Lessor based on the Currency Rate) by reason of any change in any applicable rate of foreign currency exchange between the date of execution of this Lease by Lessee and the date of purchase of the Equipment, the Lessor shall calculate the amount of such difference and thereafter advise the Lessee of the same. In the event that the Lessor's actual total cost for the Equipment is greater or lesser than the Estimated Total Cost thereof, the Lessor shall adjust the rental payments and purchase option amount to reflect the increase or decrease in total cost. The Lessee agrees to pay the adjusted rentals as if the same had originally been set forth in the Lease. The Lessor will provide notification of any adjustments within 15 days of purchasing the foreign currency, in writing to the address shown on the Lease Agreement.

In the event that the Lessor purchases foreign currency as aforesaid for the purpose of making payment to the supplier or the Lessor enters into a foreign exchange contract for such purpose and such foreign currency is not required by the Lessor for any reason (other than the Default of Lessor), the Lessee shall forthwith upon demand pay to the Lessor any net loss or expense incurred by the Lessor as a result of or in connection with the resale or disposition of such foreign currency or the termination of such foreign exchange contract.

ROYAL BANK OF CANADA "LESSOR"

North Paw Energy Services Ltd. "LESSEE"

By: _____

By: _____

Title: _____

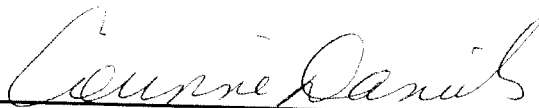
Title: _____

By: _____

Title: _____

**This is Exhibit "F" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2013



NORTH PAW ENERGY SERVICES LTD.

January 13, 2010

Account Information

Service	Account Number	Balance	Date Opened	Ownership
Current Account Regular	07599-1017102			
Personal Other Advances	03009-74121096-001	-334.13	2007/04/23	Sole Owner
Revolving Funds Arrangement	03009-8306839	502,465.76	2007/07/19	Sole Owner
PDS - C	Unidentified Format		2007/07/20	Sole Owner
PDS - C	Unidentified Format	0.00	2008/02/13	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2008/02/13	Sole Owner
ACR - CMS Facility	Unidentified Format	500,334.13	2007/07/19	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2007/05/03	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2007/08/14	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2008/03/05	Sole Owner
	Unidentified Format	0.00	2009/04/06	Sole Owner

► Main Menu

Card: 91143272 Level: 060 Translt:

Print | Help |

2010 / (

Close Inquiry

① OLB014I - Reply messages completed

^ - Required Information

Transaction 230 - Close Inquiry

^ Loan Account

Number: 74121096

^ Loan Number:

001

BackDate Code:

JA

Effective date
(YYYY / MM / DD):

/ /

Print: ☐ Yes ☒ No

Find

Clear

Results

Inquiry

Type: CLOSE INQ

Inquiry Date: JAN 13/10

Inquiry Time: 13:13:06

Loan Account Number - Segment: 74121096-001

Short Name: NORTH PAW ENER*

Loan Officer Number: 803

Loan Description: DEMAND LOAN

Status: DL

Inquiry Effective Date: JAN 13/10

Outstanding Loan: 500,000.00

Interest to Date: 2,465.76

Insurance to Date: 0.00

Loan Closing Amount: 502,465.76

Amort Term Remaining: N/A

Per Diem Interest: 51.37

Payment / Maturity Date: N/A

Deferred Indicator:

Fees Owing: 0.00

Uncollected Interest: 1,541.10

Net Capitalization: 0.00

Deferred Income: 0.00

Excess Kilometer Charge: N/A

Student Interest: 0.00

Interest Relief Months:

PSED: N/A

**This is Exhibit "G" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EXPIRES
JULY 25, 2010

Lease 10585

\$120,766.46 balance
9,612.77 arrears Dec 23rd
6,518.96 GST
43.92 past due interest
\$136,942.11 total due, good to Jan 22rd

Lease 15364

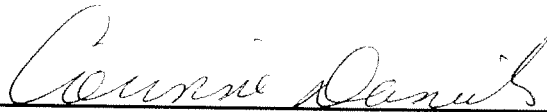
\$232,166.51 balance
9,125.14 arrears Jan 4th
12,064.58 GST
19.03 past due interest
\$253,375.26 good to Feb 3rd

Lease 27544

\$6,728.60 balance
2,242.75 arrears Jan 7th
448.57 GST
\$9,419.92 good to Feb 5th

**This is Exhibit "H" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EX. 1112
JULY 25, 2000



Royal Bank of Canada
Commercial Financial Services
580 3rd Street SE
Medicine Hat AB T1A 0H3
Tel.: 403-528-6427
Fax: 403-529-0557

August 21, 2008

Private and Confidential

RANCO HOLDINGS LTD.
Box 22007
Medicine Hat, Alberta
T1A 8M5

ROYAL BANK OF CANADA (the "Bank") hereby confirms the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). This Agreement supersedes and cancels the existing agreement dated February 22, 2006 and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a Borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

BORROWER: Ranco Holdings Ltd. (the "Borrower")

CREDIT FACILITIES

Facility #1 \$1,000,000.00 non-revolving term facility by way of:

a) RBP based loans ("RBP Loans") Interest rate (per annum) RBP + 1.00%

AVAILABILITY

The borrower may borrow up to the amount of this term facility provided this facility is made available at the sole discretion of the bank and the bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time.

REPAYMENT

Payment Amount:	\$8,500.00	Payment Frequency:	Monthly
Payment Type:	Principal plus Interest	First payment date:	30 days from drawdown
Repayable in full on:	The last day of a 1 year term from drawdown	Original Amortization (months):	120

FEES:

One Time Fee:

Payable upon acceptance of this Agreement.

Application Fee: \$1,000.00

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, (collectively, the "Security"), shall include:

* Registered Trademark of Royal Bank of Canada

SRF # 982 635 823

- a) General security agreement on Bank's form 923 signed by the Borrower covering all present and after-acquired personal property and a floating charge on land;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$1,000,000.00 signed by Advantage Oilfield Group Ltd.;
- c) Postponement and assignment of claim on the Bank's form 918 signed by 1208362 Alberta Ltd.; and
- d) Collateral mortgage on the Bank's standard form in the amount of \$1,500,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at 47 East 3 Avenue Dunmore, Alberta described as Plan 0512216, Block 1, Lot 10.

FINANCIAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower will:

- a) maintain on a consolidated basis, to be measured as at the end of each fiscal year:
 - i. Debt Service Coverage, of not less than 1.25:1;
 - ii. a ratio of Funded Debt to EBITDA, of not greater than 2.5:1;
 - iii. a ratio of Total Liabilities to Tangible Net Worth of not greater than 1.5:1;
- b) not, without the prior written consent of the Bank:
 - i. make or repay any loans to shareholders or affiliated entities.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) monthly company prepared financial statements for the Borrower, within 20 days of each month end;
- b) annual review engagement financial statements for the Borrower, within 120 days of each fiscal year end;
- c) annual projection/budget for the Borrower, within 120 days of each fiscal year; and
- d) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;
- d) a Short Environmental Questionnaire completed by the Borrower in respect of the property located at 47 East 3 Avenue Dunmore, Alberta described as Plan 0512216, Block 1, Lot 10, and containing findings satisfactory to the Bank; and
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally;

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank;
- g) no Borrowing under Facility #1 will be made available unless the Bank has received (i) a copy of an invoice for the equipment being financed with such Borrowing and (ii) a first and specific charge for the equipment being financed with such Borrowing.

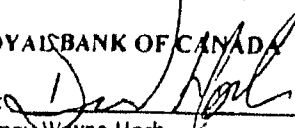
GOVERNING LAW JURISDICTION

Province of Alberta.

ACCEPTANCE

This Agreement is open for acceptance until September 19, 2008, after which date it will be null and void, unless extended in writing by the Bank.

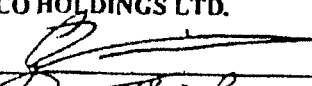
ROYAL BANK OF CANADA

Per: 
Name: Wayne Horb
Title: Account Manager

/s/

We acknowledge and accept the terms and conditions of this Agreement on this 26 day of August, 2008.

RANCO HOLDINGS LTD.

Per: 
Name: Chris Bruins
Title: President

Per: _____
Name: _____
Title: _____

I/We have the authority to bind the Borrower

Attachments:

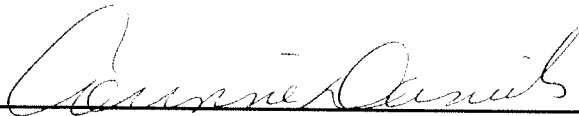
Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees

**This is Exhibit "I" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE G.L. DANIELS
MY COMMISSION
JULY 25, 2010



RANCO HOLDINGS LTD.

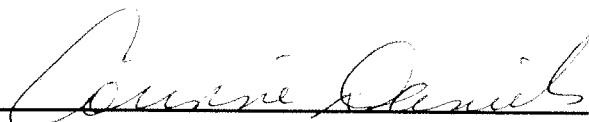
January 13, 2010

Account Information

Service	Account Number	Balance	Date Opened	Ownership
Current Account Regular	07599-1018449	5.42	2005/05/27	Sole Owner
Personal Other Advances	03009-47285739-006	0.00	2006/03/06	Sole Owner
Personal Other Advances	03009-47285739-007	906,315.73	2008/10/16	Sole Owner
ACR - CMS Facility	Unidentified Format	898,000.00	2008/08/29	Sole Owner
ACR - CMS Facility	Unidentified Format	0.00	2009/12/16	Sole Owner

**This is Exhibit "J" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE G.L. DANIELS
MY COMMISSION EX. 1-9
JULY 25, 2010

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Advantage Oilfield Group Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$2,750,000.00 Two Million Seven Hundred Fifty Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.500 One AND One Half percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable
in all
P.P.S.A.
Provinces
except
Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at Medicine Hat, Alberta this January 28, 2008
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

1208362 Alberta Ltd.

Per:

Seal

Seal

Seal

Seal

Witness

Witness

Witness

Witness

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Advantage Oilfield Group Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party ~~by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise~~ incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$2,750,000.00 Two Million Seven Hundred Fifty Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.500 One AND One Half percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) ~~This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.~~

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) ~~The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.~~

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable
in all
P.F.S.A.
Provinces
except
Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at Medicine Hat, Alberta this January 25, 2008
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

[Signature]
Witness Chris Bruns

Witness _____

Seal

Witness _____

Seal

Witness _____

Seal

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) Chris Bruins of Medicine Hat in the Province of Alberta, the guarantor in the guarantee dated January 28, 2008 made between ROYAL BANK OF CANADA and Chris Bruins, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at Medicine Hat this January 28, 2008 under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR

THE PROVINCE OF ALBERTA, BEING A SOLICITOR
LAWRENCE H. GORDON, Q.C.
A Commissioner For Oaths and
A Notary Public in and for
the Province of Alberta
Being a Solicitor

(Guarantor to sign in presence of Notary Public)

STATEMENT OF GUARANTOR

I am the person named in the certificate

CHRIS BRUINS

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____ the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Ranco Holdings Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$1,000,000.00 One Million Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided; however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

~~(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or~~ times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(Applicable
in all
P.P.S.A.
Provinces
except
Ontario.)

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at Medicine Hat this 08 26 2008
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

Advantage Oilfield Group Ltd.

Witness

Witness

Witness

Witness

Seal

Seal

Seal

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

(To be completed only where the guarantor is not a corporation)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at _____ this _____ under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR

(Guarantor to sign in presence of Notary Public)

STATEMENT OF GUARANTOR

I am the person named in the certificate _____

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of _____, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office _____

(SEAL REQUIRED WHERE NOTARY
PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate _____

Signature of Guarantor

Account Number	
File Name	

Advantage Oilfield Group Ltd. (the "Guarantor")

RESOLUTION OF DIRECTORS

Whereas it is deemed expedient and in the best interests of the Guarantor that it lend assistance to Ranco Holdings Ltd. (the "Customer") in connection with its borrowings, both present and future, from ROYAL BANK OF CANADA (the "Bank").

NOW THEREFORE BE IT DULY RESOLVED

1. THAT the Guarantor guarantee payment to the Bank of all present and future debts and liabilities, including interest due at any time by the Customer to the Bank; provided that the liability of the Guarantor shall be limited to the sum of 1,000,000.00 One Million Dollars together with interest from the date of demand for payment at the Bank's Prime Interest Rate per annum in effect from time to time plus 1.000 One per cent per annum;

For the purposes hereof (where applicable), Prime Interest Rate means the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian Dollar commercial loans in Canada.

2. THAT the Guarantor further secure the Bank by postponing all debts and claims, present and future, of the Guarantor against the Customer to the debts and claims of the Bank against the Customer.

3. THAT the Guarantee and Postponement of Claim on the form attached, be and is hereby approved as containing a correct statement of the terms and conditions upon which the said guarantee and postponement are to be made and that the said Guarantee/Suretyship and Postponement of Claim be duly executed for and in the name of the Guarantor (under the corporate seal where required)

by

*Chris Bruins**President*

(IDENTIFY BY NAME AND TITLE)

and

(IDENTIFY BY NAME AND TITLE)

with such alterations, additions, amendments and deletions as they may approve; and that the Guarantee/Suretyship and Postponement of Claim so executed is the Guarantee and Postponement of Claim authorized by this resolution.

4. THAT for the purpose of securing this Guarantee, or any present or future debts or liabilities, including interest due at any time, by the Customer to the Bank, the Guarantor shall provide to the Bank any security, including accommodation endorsements, which the Bank may request, and that for such purpose the officers of the Guarantor mentioned in paragraph 3 hereof be and they are hereby empowered for and on behalf of the Guarantor to provide such security and to execute such further documents as the Bank may require.

5. That a copy of this Resolution, certified by the Secretary of the Guarantor (under the corporate seal where required) be given to the Branch of the Bank where the customer has its account, and that the designation of the officers under Section 3 of this Resolution shall be binding upon the Guarantor until a Resolution, certified by the Secretary of the Guarantor, changing the officers is received by that branch of the Bank.

CERTIFICATE

It is hereby certified by the undersigned that the foregoing is a Resolution of the Directors of the Guarantor in accordance with the Guarantor's By-laws, constating documents, any unanimous shareholders' agreements made by the shareholders of the Guarantor and all other laws governing the Guarantor, all as amended from time to time, which Resolution is now in full force and effect.

It is hereby further certified that there are no provisions in the articles or by-laws of the Guarantor or in any unanimous shareholder agreement which restrict or limit the powers of the Guarantor or of its directors to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee on behalf of the Guarantor to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Guarantor, owned or subsequently acquired, to secure any obligation of the Guarantor and to delegate the powers referred to above to a director, officer or committee of directors.

CERTIFIED this 08 26 2008 as witness, where required by law, under the corporate seal of the Guarantor.
(MONTH) (DAY) (YEAR)

(FOR BANK USE ONLY)

INITIALS

Prepared by

Checked by

(Corporate Seal where required by law)

Secretary

GUARANTEE AND POSTPONEMENT OF CLAIM

TO: ROYAL BANK OF CANADA

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by North Paw Energy Services Ltd. (hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of \$900,000.00 Nine Hundred Thousand Dollars together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest Rate per annum in effect from time to time plus 3.000 Three percent per annum as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, or change any term or condition applicable to the liabilities, including without limitation, the rate of interest or maturity date, if any, or introduce new terms and conditions with regard to the liabilities, or accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, with effect from and after the date that is 30 days following the date of receipt by the Bank of such notice, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all moneys received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the

whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the Province of Alberta ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defense of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at Medicine Hat, AB this April 4, 2008
(MONTH) (DAY) (YEAR)

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF

Witness

Chris Bruins

Seal

Witness

Seal

Witness

Seal

Witness

Seal

(To be completed when the guarantee is stated to be governed by the laws of the Province of Alberta, the loan is repayable in Alberta, the guarantee is executed in Alberta, the customer carries on business in Alberta, or the guarantor is resident or owns assets in Alberta.)

THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA) CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) CHRIS BRUINS of MEDICINE HAT in the Province of Alberta, the guarantor in the guarantee dated APRIL 7, 2008 made between ROYAL BANK OF CANADA and CHRIS BRUINS, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at MEDICINE HAT this APRIL 7, 2008 under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR
THE PROVINCE OF ALBERTA
A Commissioner for Oaths And
A Notary Public In And For
The Province Of Alberta
Notary A Solicitor

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)

THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE (SECTION 31)

CERTIFICATE OF LAWYER OR NOTARY PUBLIC

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province of Alberta, the guarantor in the guarantee dated _____ made between ROYAL BANK OF CANADA and _____, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY
PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate

Signature of Guarantor

**This is Exhibit "K" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE C.L. DANIELS
MY COMMISSION EX.
JULY 25 2010



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0031 120 504 0512216;1;10 051 219 697 +1

LEGAL DESCRIPTION
PLAN 0512216
BLOCK 1
LOT 10
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.761 HECTARES (1.88 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;5;12;1;NW

MUNICIPALITY: CYPRESS COUNTY

REFERENCE NUMBER: 051 167 028

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
051 219 697	21/06/2005	SUBDIVISION PLAN		

OWNERS

RANCO HOLDINGS LTD..
OF BOX 22007
MEDICINE HAT
ALBERTA T1A 8M5

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
911 114 382	31/05/1991	UTILITY RIGHT OF WAY GRANTEE - ALTAGAS UTILITIES INC.. 5509-45TH ST LEDUC

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION

PAGE 2

NUMBER DATE (D/M/Y)

PARTICULARS

051 219 697 +1

ALBERTA T9E6T6

(DATA UPDATED BY: CHANGE OF NAME 051062918)

051 046 740 04/02/2005 CAVEAT

RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL
GOVERNMENT ACT

CAVEATOR - CYPRESS COUNTY.

BOX 108

DUNMORE

ALBERTA T0J1A0

081 329 341 03/09/2008 MORTGAGE

MORTGAGEE - ROYAL BANK OF CANADA.

180 WELLINGTON STREET WEST, 3RD FL

TORONTO

ONTARIO M5J1J1

ORIGINAL PRINCIPAL AMOUNT: \$1,500,000

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED
HEREIN THIS 8 DAY OF FEBRUARY, 2010 AT 03:19 P.M.

ORDER NUMBER:15813076

CUSTOMER FILE NUMBER: 125665.8158



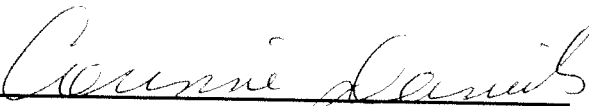
END OF CERTIFICATE

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

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
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OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL
PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR
THE BENEFIT OF CLIENT(S).

**This is Exhibit "L" referred to in the
Affidavit of David W. Johnson**

**Sworn before me this 9 day
of February, A.D. 2010**



**A Commissioner for Oaths
In and for the Province of Alberta**

CORINNE G.L. DANIELS
MY COMMISSION EXPIRES
JULY 26, 2010

Collateral Mortgage - General
Saskatchewan/Alberta/NWT/Nunavut

COLLATERAL MORTGAGE

I/WE, RANCO HOLDINGS LTD.(hereinafter referred to as the "Mortgagor") having an address at of BOX 22007, Medicine Hat,
Alberta T1A 8M5 (Street Address) (City)
(Province) (Postal Code), being registered owner (or for the purposes of land located

in Northwest Territories or Nunavut Territory, being or being entitled to become registered owner) of an estate in fee-simple/leasehold estate (and for the purposes of land located in Alberta only, subject to registered encumbrances, liens and interests, if any) (and for the purposes of land located in Northwest Territories or Nunavut Territory only, subject to the encumbrances and interests listed below or which apply under the applicable Land Titles Act) in all that piece of land described as follows:

PLAN 0512216

BLOCK 1

LOT 10

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 0.761 HECTARES (1.88 ACRES) MORE OR LESS

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

"Mortgagee") and having an office at 180 Wellington Street West, 3rd Floor,
Toronto Ontario (Street Address) (City) (Province) M5J 1J1 (Postal Code), as follows:

- (1) **Charging Clause:** The Mortgagor hereby encumbers, mortgages and charges the land and each and every building and improvement on the land (the "premises") which now or hereafter may be erected thereon (the land and the premises being hereinafter referred to as the "mortgaged property") with payment of:
- (a) the Liabilities (as hereinafter defined), excluding any portion thereof constituting interest or constituting Enforcement Obligations (as hereinafter defined), up to the amount of ---ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$ 1,500,000.00);
- (b) the Enforcement Obligations (as hereinafter defined); and
- (c) interest payable on the Liabilities calculated at the rate and in the manner specified herein or in the instrument or other agreement creating or evidencing the obligation to pay such interest.

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

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

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

- (2) **Liabilities:** These presents are given and taken as general and continuing collateral security to secure payment of the Liabilities and this mortgage shall obtain priority for all Liabilities notwithstanding that at any time or from time to time there may not be any Liabilities then outstanding. The Mortgagor agrees to pay to the Mortgagee each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent Liability that does not constitute a debt or loan shall accrue and be payable upon the satisfaction of any applicable condition or contingency which is specified in the agreement or dealing creating such Liability or upon the satisfaction of any other condition or contingency which may be applicable to making a determination of whether such Liability is accrued and payable. The accounts and records of the Mortgagee shall, in the absence of manifest error, constitute prima facie evidence of the amount of Liabilities outstanding and owing from time to time by the Mortgagor to the Mortgagee. Unless otherwise specified herein or in an instrument or other agreement creating or evidencing an obligation to pay interest on the Liabilities, the Mortgagor shall pay to the Mortgagee interest on the amount of the Liabilities outstanding from time to time for the period commencing on the date of demand for payment thereof until paid, such interest to be calculated at a rate equal to the Prime Rate plus one (1.00 %) per annum, calculated and payable monthly not in advance, both before and after default and judgment, with interest on overdue interest at the rate aforesaid.
- (3) **Enforcement Obligations:** All Enforcement Obligations shall be payable by the Mortgagor to the Mortgagee upon demand therefor by the Mortgagee to the Mortgagor together with interest thereon from the date such Enforcement Obligations become due and payable until paid, calculated at a rate equal to the Prime Rate plus two percent (2%) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid.
- (4) **No Merger:** Neither the granting of this mortgage nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Mortgagee, nor any judgment obtained in such proceeding, shall operate as a merger of the Liabilities or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Mortgagee may hold in connection with the Liabilities and any securities which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Liabilities or a part thereof, or be deemed a payment or satisfaction of the Liabilities or any part thereof or merger therein and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

(5) **Further Covenants:** The Mortgagor further covenants with the Mortgagee that the Mortgagor:

- (a) has a good title to the land and premises;
- (b) has the right to mortgage the land and premises and that on default the Mortgagee shall have quiet possession of the land and premises free from all encumbrances;
- (c) will execute such further assurances of the land and premises as may be requisite; and
- (d) has done no act to encumber the land and premises.

(6) **Covenants:** The Mortgagor further covenants with the Mortgagee that:

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

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

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

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

- (c) **Foreclosure:** The Mortgagee may take foreclosure or foreclosure and sale proceedings in respect of the mortgaged property in accordance with the provisions of the laws of the jurisdiction in which the mortgaged property is situate; and in the event of any deficiency on account of the Liabilities remaining due to the Mortgagee after realizing all the mortgaged property, then the Mortgagor will pay to the Mortgagee on demand the amount of such deficiency together with interest thereon until paid, calculated at a rate equal to the Prime Rate plus one (1.00%) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. In the event foreclosure proceedings are commenced in respect of the mortgaged property, then from the time of the application for an order nisi in such proceedings, the rate of interest payable under this mortgage shall, at the option of the Mortgagee, be fixed at the rate applicable under this mortgage at that time and shall thereafter remain at such fixed rate unless and until such proceedings have been settled or discontinued;
- (d) **Distrain:** The Mortgagee may distrain for arrears of the Liabilities, and as part of the consideration for any advance or creation of the Liabilities, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress all rights to exemptions from seizure and distress under any law applicable in the jurisdiction in which the mortgaged property is situate;
- (e) **Receivership:** The Mortgagee may appoint a receiver of the mortgaged property and of the income of the mortgaged property, or any part thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the mortgaged property, by action, distress or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; and the receiver may lease the mortgaged property and execute contracts in the name of the Mortgagor; provided that such receiver may be removed and a new receiver appointed from time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by it a commission of five percent (5%) of the gross receipts, or such higher rate as any judge of any court having jurisdiction may allow upon application by it for that purpose, and also its disbursements in the collection of such income, and thereafter shall apply all monies received by it as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the mortgaged property and all liens, charges (including, without limitation, those imposed under environmental laws), annual sums or other payments and interest thereon, if any, having priority to this mortgage; in payment of the premiums on insurance payable under this mortgage; in payment of the cost of all necessary or proper repairs to the mortgaged property; and the balance, if any, thereafter upon the Liabilities; provided further that neither the existence of the foregoing relating to attornment, to distraint for arrears, to entry upon the mortgaged property, to foreclosure and to the said receivership, nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received; and
- (f) **Performance of Obligations:** The Mortgagee, at its option, may by and on behalf of the Mortgagor and at the sole cost and expense of the Mortgagor, and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed, any provision with respect to which default has occurred hereunder or under any provision of any agreement or dealing evidencing the Liabilities and for such purpose make such payments as are contemplated herein, and all monies expended by the Mortgagee for any such purpose shall be payable by the Mortgagor to the Mortgagee upon demand and shall constitute an Enforcement Obligation; provided however that nothing herein contained shall be deemed to hold the Mortgagee responsible for and the Mortgagee shall not be responsible for any loss arising out of its or its agents' or employees' observance or performance of any such provision. No remedy herein conferred is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity.

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

- (14) **No Apportionment:** Every part, lot or unit into which the mortgaged property is or may hereafter be divided stands charged with the whole of the Liabilities and no person shall have any right to require the Liabilities to be apportioned on or in respect of any such part, lot or unit, or to require the charge of this mortgage to be released or discharged in respect of any such part, lot or unit, and the Mortgagor hereby waives any provision of any legislation which provides for such right.
- (15) **All Taxes Paid:** The Mortgagor represents and warrants that it has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by-laws relating thereto, and which may create a charge or lien upon the mortgaged property.
- (16) **Expropriation:** In the event that the whole or any material portion of the mortgaged property is expropriated by any entity empowered to do so, then at the option of the Mortgagee all Liabilities shall forthwith become due and payable. The Mortgagor hereby waives the provisions of any law applicable in the jurisdiction in which the mortgaged property is situate which would restrict recovery under this mortgage to recovering the market value of this mortgage at the date of any expropriation if the market value is then less than the amount of the Liabilities. In the event such market value is less than the amount of the Liabilities and the Mortgagee receives from the expropriating authority the market value of this mortgage, the Mortgagor shall, notwithstanding the provisions of any such law, forthwith upon demand pay to the Mortgagee the remaining portion as a separate debt together with interest thereon until paid at a rate equal to the Prime Rate plus one (1.00 %) per annum, calculated and payable monthly not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. The proceeds from any expropriation affecting the whole or any part of the mortgaged property shall be paid to the Mortgagee in priority to the claims of any other person.
- (17) **Discharge:** The Mortgagor shall not be entitled to a discharge of this mortgage unless and until the Liabilities have been paid in full or are no longer in existence, the Mortgagee has no further obligations to the Mortgagor in respect of any Liabilities and the Mortgagor has kept and performed all of the provisions hereunder and under any provision of any agreement evidencing the Liabilities; and the Mortgagee shall have a reasonable time after payment or termination of the Liabilities within which to prepare or have prepared an executed discharge of this mortgage, and interest shall continue to run and accrue until all Liabilities have been paid and actual payment in full has been received by the Mortgagee and all legal and other expenses for the preparation and execution of such discharge and any administration fee of the mortgagee in connection therewith shall be borne by the Mortgagor.
- (18) **Condominium Units:** Notwithstanding anything to the contrary herein contained, in the event that the mortgaged property constitutes a condominium or a unit in a condominium:
- (a) The Mortgagor covenants with the Mortgagee that the Mortgagor will observe and perform each and every provision required to be observed and performed under or pursuant to the terms of this mortgage, each and every provision of any law applicable in the jurisdiction in which the mortgaged property is situate which affects such condominium or unit in a condominium and the by-laws and any amendments thereto of the condominium corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium being charged by this mortgage (hereafter referred to as the "Condominium Corporation");
 - (b) Without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all unpaid assessments, instalments or payments due to the Condominium Corporation;
 - (c) In addition to the Mortgagor's obligations hereunder to insure the mortgaged property, the Mortgagor covenants and agrees to provide the Mortgagee, from time to time upon the Mortgagee's request, with evidence satisfactory to the Mortgagee that the Condominium Corporation keeps the condominium insured in favour of the Mortgagee against all risks of direct physical loss or damage on a replacement cost basis for an amount equal to the full replacement value of the condominium; provided that, if the Condominium Corporation neglects to keep the condominium insured as aforesaid, the Mortgagee shall be entitled but shall not be obligated to insure the condominium to a value deemed, in the sole opinion of the Mortgagee, adequate to protect the Mortgagee's insurable interest and any amount paid therefor by the Mortgagee shall be payable on demand and shall constitute an Enforcement Obligation;

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

(22) **No Obligation to Advance:** Neither the execution nor registration of this mortgage nor the advancing or creation of any part of the Liabilities shall bind the Mortgagee to advance or create any further Liabilities; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at its Head Office or at such other place as the Mortgagee may, from time to time, in writing designate.

(23) **Proving of Prime Rate:** In the event that it may be necessary at any time for the Mortgagee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Manager for the time being of the branch of the Mortgagee responsible for the collection of the Liabilities setting forth the Prime Rate as at any time or times shall be and shall be deemed to be conclusive evidence as to the Prime Rate.

(24) **Lawful Interest Rate:** In the event interest chargeable or payable on principal or interest or on arrears of principal or interest as provided for in this mortgage is in excess of that permitted by the Interest Act (Canada) or any other applicable law, then in such event, interest payable and chargeable on such principal or interest or on arrears of principal or interest under this mortgage shall be chargeable and payable at the highest lawful rate permitted by the Interest Act (Canada) or such other applicable law and no other interest on principal or interest or on arrears of principal or interest shall be chargeable or payable hereunder.

(25) **Type of Land Ownership:**

(a) **Freehold:** If this mortgage is a mortgage of a fee simple interest, the Mortgagor represents and warrants to the Mortgagee that it has a fee simple interest in possession in the mortgaged property and that it has full power to mortgage the mortgaged property.

(b) **Leasehold:** If the interest of the Mortgagor in the mortgaged property derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the mortgaged property (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(i) all references in this mortgage to "mortgaged property" shall include all right, title and interest of the Mortgagor from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of this mortgage;

(ii) the Mortgagor grants, mortgages, demises, sub-leases and charges to the Mortgagee all estate, term, right, title and interest of the Mortgagor in and to the Lease and the mortgaged property, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Mortgagor in or to the lands and premises demised by the Lease during the term of the mortgage, and all benefit and advantage therefrom for the Mortgagee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof, as security for the payment to the Mortgagee of the Liabilities, plus the interest on the Liabilities, Enforcement Obligations and all other amounts secured by this mortgage and for the performance of all liabilities and obligations secured by this mortgage upon the terms set out in this mortgage;

(26) **Representations and Warranties regarding Leasehold Title:** If this mortgage is a mortgage of a leasehold title, the Mortgagor represents and warrants to the Mortgagee that:

(a) the leasehold estate which is the subject of this mortgage arises under the Lease, which has not been further modified or amended;

(b) the Lease is a valid, effective and subsisting lease which has not been surrendered or forfeited, and the Lease is not presently subject to any assignment, mortgage or other encumbrance;

(c) the Mortgagor has taken possession of the mortgaged property and all sums due under the Lease have been paid in full to the date hereof;

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

- (e) "Lease" means the lease from _____ to _____ dated _____ commencing on _____ and expiring on _____, subject only to the following amending agreements, if any:

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

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

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

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

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

(k) if this mortgage is outstanding at the end of the term of the Lease, it will at the appropriate time seek a renewal of the Lease or the issuance of a new lease in substitution and will promptly notify the Mortgagee if it becomes aware that such a renewed or substituted lease may not be forthcoming. The Mortgagor will provide a copy of any such renewed or substituted lease to the Mortgagee upon issuance and such a renewed or substituted lease will be included within the definition of the Lease hereunder and for greater certainty, will be subject to this mortgage.

(l) The Mortgagor agrees that it will from the date of execution of this mortgage stand possessed of the last day of the term of the Lease (whether it is the last date of the present term or of any extended term) and all rights, privileges and options of the Mortgagor under the Lease, in trust for the Mortgagee. The Mortgagor further agrees it will assign and dispose of said last day, consistent with the terms of the Lease, as the Mortgagee may direct, but subject to the Mortgagor's right of redemption. The Mortgagor irrevocably appoints the Mortgagee as its attorney for on on behalf of the Mortgagor and in its name or otherwise to assign the said last day and privileges as the Mortgagee shall at any time direct, consistent with the terms of the Lease. The Mortgagor further agrees that upon a sale or other disposition made by the Mortgagee, and if requested by the Mortgagee, to assign the last day and privileges and options relating thereto to the purchaser or assignee and to exercise any and all assignments and transfers for that purpose; and the Mortgagee may at any time, by deed or other instrument, remove the Mortgagor or any other person as trustee for the last day and appoint a new trustee or trustees in its place.

(m) **Information:** The Mortgagor authorizes the Mortgagee to contact the lessor from time to time to obtain information regarding the rent or other sums payable under the Lease, the status of payment thereof and any other information relating to the Lease or default thereunder..

(n) **Breach:** The Mortgagor agrees that it will be deemed to constitute a breach of the provisions of this mortgage if the leasehold estate which is the subject of this mortgage ceases to exist.

(28) **Special Provisions:** The Mortgagor covenants with the Mortgagee that in the event the mortgaged property is situate in the Province of Saskatchewan and the Mortgagor is a body corporate, the Mortgagor agrees that:

(a) The Land Contracts (Actions) Act of the Province of Saskatchewan shall have no application to an action, as defined in the said Act, with respect to this mortgage; and

(b) The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof shall have no application to this mortgage or any agreement or instrument renewing or extending or collateral to this mortgage, or the rights, powers or remedies of any other person under this mortgage, or any such agreement or instrument renewing or extending or collateral to this mortgage.

(29) **Severability:** If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.

(30) **Joint and Several:** In the event there is more than one Mortgagor hereunder, the terms, conditions and other obligations of each Mortgagor hereunder shall be joint and several.

(31) **Interpretation:** The words used herein which import the singular number and neuter shall be read and construed as plural and feminine or masculine, as the case may be, and the terms of this mortgage shall be binding upon and apply to the party's heirs, executors, administrators, successors or assigns, as applicable.

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

IN WITNESS WHEREOF THIS MORTGAGE IS SIGNED, SEALED AND DELIVERED THIS 29 day of August, 2008.

in the presence of

(Witness)

(Witness)

(Witness)

(Mortgagor)

(Mortgagor)

RANCO HOLDINGS LTD.
Name of Mortgagor (if Corporation)

By: Chris Bruins

Title: President c/s

By: _____

Title: _____

AFFIDAVIT OF EXECUTION

(To be completed where the mortgage is signed by an individual or by a corporation without seal)

I, _____, of _____, in the Province/Territory
of _____,

MAKE OATH AND SAY:

1. That I was personally present and did see _____
and _____ named in the within instrument who is (are)
known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named
therein.
2. That the same was executed at _____, in
the Province/Territory of _____, and that I am the subscribing witness thereto.
3. That I know the said person(s) named in paragraph 1 and he (she) (they) is (are) in my belief of the full age of
eighteen years (or nineteen years if the lands are situate in the Northwest Territories or Nunavut Territory).

SWORN BEFORE ME at _____)
in the Province/Territory of _____)
this _____ day of _____, _____)
_____)

(A Commissioner for Oaths in and for the
Province/Territory of _____)
My Commission expires _____, _____

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY
(To be completed where the mortgage is signed by a corporation without seal)

I, _____, of _____, in the
Province/Territory of _____,

MAKE OATH AND SAY THAT:

1. I am an officer or a director of _____ named
in the within instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN BEFORE ME at _____,
in the Province/Territory of _____,
this _____ day of _____,

)
)
)
)
)

(A Commissioner for Oaths in and
for the Province/Territory of _____)
My Commission expires _____