This is Exhibit "M" 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

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

IN THE MATTER OF THE INDEBTEDNESS OF
ADVANTAGE OILFIELD GROUP LTD..
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

I, Corinne Daniels, of the City of Edmonton, in the Province of Alberta, Legal Secretary, MAKE OATH AND SAY THAT:

1. I did serve Advantage Oilfield Group Ltd. on December 1, 2009 with a demand letter and Notice of Intention to Enforce Security, copies of which are attached hereto and marked as Exhibits "A" and "B" by registered mail to Advantage Oilfield Group Ltd., c/o Registered office, #300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9.

2. I did serve 1208362 Alberta Ltd. on December 1, 2009 with a demand letter, a copy of which is attached hereto and marked as Exhibit "C" by priority post to 1208362 Alberta Ltd. c/o Registered office, #300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9.

3. I did serve Christopher Bruins on December 1, 2009 with a demand letter, a copy of which is attached hereto and marked as Exhibit "D" by priority post to Christopher Bruins, Box 22007, Medicine Hat, Alberta, T1A 8M5.

4. I did serve Advantage Oilfield Group Ltd. on December 2, 2009 with a supplemental letter amending a typo in the demand letter, a copy of which is attached hereto and marked as Exhibit "E" by registered mail to Advantage Oilfield Group Ltd., c/o Registered office, #300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9.

5. Attached hereto and marked collectively as Exhibit "F" are the receipts of the postmaster at Edmonton, Alberta. Attached hereto and marked as Exhibit "G" are the priority post receipts.

BEFORE ME at the City of Edmonton, in the Province of Alberta this 4 day of December, 2009.	)))))	Corinne Daniels
Heather Sanderson A Commissioner for Oaths in and for the Province of Alberta		CORINNE DANIELS

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

December 1, 2009

This is Exhibit "A" referred to in the Affidavit of Corinne Daniels sworn before me this 4 day of December 2009
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta
HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

REGISTERED MAIL

Advantage Oilfield Group Ltd.
c/o Registered Office
#300, 10335 - 172 Street
Edmonton, AB T5S 1K9

Dear Sirs:

Subject: Royal Bank of Canada ("RBC")
- Advantage Oilfield Group Ltd. ("Advantage")
Our File: 125665.8158/RCR

Please be advised that we are the solicitors for RBC with respect to the indebtedness of Advantage. RBC advises that Advantage is indebted to it as follows:

(a) Loan Segment 3 - $2,497,307.02 plus interest from and after November 30, 2009 at the rate of $256.34 per day;
(b) Loan Segment 5 - $1,360,519.68 plus interest from and after November 30, 2009 at the rate of $140.82 per day;
(c) Visa - $75,586.09 plus any and all transactions processed through Visa from and after November 30, 2009 plus interest from and after November 30, 2009 at the RBC Visa rate;
(d) Costs on a solicitor and his own client full indemnity basis.

On behalf of RBC we hereby demand payment of the above noted indebtedness. Payment is to be made to RBC care of this office within ten days of the date of this letter failing which legal action and/or realization of security may be commenced to recover same.

On or about August 26, 2008 Advantage granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of Ranco Holdings Ltd. ("Ranco") up to the sum of $1,000,000 plus interest from demand at RBC's prime interest rate per annum in effect from time to time plus 1 per cent plus costs on a solicitor and his own client basis.

The indebtedness of Ranco to RBC amounts to $902,797.54 plus interest from and after November 30, 2009 at the rate of $79.96 per day. On behalf of RBC we hereby demand payment pursuant to the above referenced guarantee of the sum of $902,797.54 plus interest and costs.

Payment of the guaranteed indebtedness is to be made to RBC care of this office within ten days of the date of this letter failing which legal action and/or realization of security may be commenced to recover same.

Please find attached a Notice of Intention to Enforce Security for the purpose of service.

Please note also that RBC reserves the right to accelerate the times for payment set out in this letter and in the attached notice if it comes to believe that it is in its interest to do so.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman

RCR:cd
Enclosure
cc Royal Bank of Canada
Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2502750-1

FORM 115

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1))

TO: ADVANTAGE OILFIELD GROUP LTD. (an insolvent person)

TAKE NOTICE THAT:

1. Royal Bank of Canada, a secured creditor, intends to enforce its security on the property of the insolvent person described below:

   (a) All present and after acquired property.

2. The security that is to be enforced is in the form of:

   (a) General Security Agreement.

3. The total amount of indebtedness secured by the security is indebtedness in the amount of $4,836,210.33 plus interest upon such sum from and after November 30, 2009 plus all sums processed through the Debtor's RBC Visa accounts from and after November 30, 2009 plus costs on a solicitor and his own client full indemnity basis.

4. The secured-creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at the City of Edmonton, in the Province of Alberta, this 1st day of December, 2009.

ROYAL BANK OF CANADA,
by its solicitors and agents, Fraser Milner Casgrain LLP
per:

Ray C. Rutman

EDMDOCS|RRUTMAN|2502777-1

This is Exhibit "B" to the Affidavit of Corinne Daniels
Sworn before me this 4 day of December 2009

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

FMC

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

This is Exhibit " C "

Corinne Daniels

4 day of December

2009

A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 20

December 1, 2009
PRIORITY POST

1208362 Alberta Ltd.
c/o Registered Office
300, 10335 – 172 Street
Edmonton, AB T5S 1K9

Dear Sirs:

Subject: Royal Bank of Canada ("RBC") - Advantage Oilfield Group Ltd. ("Advantage") – 1208362 Alberta Ltd. ("120")
Our File: 125665.8158/RCR

Please be advised that we are the solicitors for RBC with respect to the indebtedness of Advantage and 120. On or about January 28, 2008 120 granted to RBC a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of $2,750,000 with interest from demand at RBC's prime interest rate per annum in effect from time to time plus 1.5 per cent plus costs on a solicitor and his own client full indemnity basis. The indebtedness of Advantage to RBC exceeds the sum of $2,750,000.

On behalf of RBC we hereby demand payment from 120 of the sum of $2,750,000 plus interest and costs in accordance with the terms of the above referenced guarantee. Payment is to be made to RBC care of this office within ten days of the date of this letter failing which legal action may be commenced to recover same.

Please note that RBC reserves the right to accelerate the time for payment set out in this letter if it comes to believe that it is in its interest to do so.

Yours truly,
FRASER MILNER CASGRAIN LLP

Ray Rutman
RCR:cd
Enclosure
cc Royal Bank of Canada/Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2502784-1

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

This is Exhibit "D" referred to in the Affidavit of
Corinne Daniel
Sworn before me this 4 day of December A.D. 2009
Heather Sanderson
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta
HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

December 1, 2009

PRIORITY POST

Christopher Bruins
Box 22007
Medicine Hat, AB
T1A 8M5

Dear Sirs:

Subject: Royal Bank of Canada ("RBC") - Advantage Oilfield Group Ltd. ("Advantage") - Yourself
Our File: 125665.8158/RCR

Please be advised that we are the solicitors for RBC with respect to the indebtedness of Advantage and yourself. On or about January 28, 2008 you did execute a Guarantee and Postponement of Claim guaranteeing to RBC the indebtedness of Advantage (to RBC) for up to the sum of $2,750,000 with interest from demand at RBC's prime interest rate per annum in effect from time to time plus 1.5 per cent plus costs on a solicitor and his own client full indemnity basis. The indebtedness of Advantage to RBC exceeds the sum of $2,750,000.

On behalf of RBC we hereby demand payment of the sum of $2,750,000 plus interest and costs in accordance with the terms of your guarantee. Payment is to be made to RBC care of this office within ten days of the date of this letter failing which legal action may be commenced to recover same.

Please note that RBC reserves the right to accelerate the time for payment set out in this letter if it comes to believe that it is in its interest to do so.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman

RCR:cd

Enclosure

cc Royal Bank of Canada
Att: David Johnson (via LRM)

EDMDOCS|RRUTMAN|2502784-1

FMC

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

December 2, 2009

REGISTERED MAIL

Advantage Oilfield Group Ltd.
c/o Registered Office
#300, 10335 - 172 Street
Edmonton, AB T5S 1K9

This is Exhibit "E" referred to in the Affidavit of Connie Daniels sworn before me this 4 day of December A.D. 2009
Heather Sanderson
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta
HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

Dear Sirs:

Subject: Royal Bank of Canada ("RBC")
- Advantage Oilfield Group Ltd. ("Advantage")
Our File: 125665.8158/RCR

Reference is made to our letter dated December 1, 2009 on behalf of RBC concerning Advantage. The acronym/name "BMO" in the second line of the third paragraph ought to have read "RBC". In all other respects the letter is confirmed.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman

RCR:cd
Enclosure
cc Royal Bank of Canada
Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2503424-1

This is Exhibit "F" referred to in the Affidavit of

Corinne Daniels

Sworn before me this

4 day of December

A.D. 2009

A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

(4)

125665-8158

R Registered Domestic — Recommandé Régime intérieur

RCR 804

CANADA POSTES CANADA POST

To / Destinataire

Advantage Oilfield Grp. Ltd. c/o Registered Office
#300, 10335 - 172 Street
Edmonton, AB T5S 1K9

FOR DELIVERY CONFIRMATION / POUR CONFIRMER LA LIVRAISON
1 888 550-6333
www.canadapost.ca
www.postescanada.ca

Declared Value / Valeur déclarée $

Item No. 79 450 491 008

CUSTOMER RECEIPT — REÇU DU CLIENT

169919

DEC 02 2009

EDMONTON
AB

(6)

(3) 125665-8158 /RCR

804.

R Registered Domestic — Recommandé Régime intérieur

CANADA POSTES CANADA POST

To / Destinataire

Advantage Oil Field Grp. Ltd.
c/o Registered Office
300, 10335 - 172 Street
Edmonton, AB T5S 1K9

FOR DELIVERY CONFIRMATION / POUR CONFIRMER LA LIVRAISON
1 888 550-6333
www.canadapost.ca
www.postescanada.ca

Item No. 79 450 490 342

CUSTOMER RECEIPT — REÇU DU CLIENT

169919

DEC 01 2009

EDMONTON
AB

CANADA POST POSTES CANADA

Tracking Number

RE858779309CA

Please note that this is the most up-to-date information available in our system. Our telephone agents have access to the s information presented here.

Track Status

Product Type: Priority Courier

Date	Time	Location	Description	Retail Location	Signatory Name
2009/12/02	09:52	EDMONTON	Item successfully delivered		

Track History

Date	Time	Location	Description	Retail Location	Signatory Nam
2009/12/02	09:52	EDMONTON	Item successfully delivered		
2009/12/02	08:37	EDMONTON	Item out for delivery		
2009/12/01	21:26	EDMONTON	Item arrived at postal facility		
2009/12/01	16:00	EDMONTON	Item accepted at the Post Office		

Shipping Options and Features for this Item

This is Exhibit "G"
referred to in the Affidavit of
Connie Daniels
Sworn before me this
4 day of December
A.D. 2009
Heather Sanderson
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

RCR (Your Copy)

CANADA POST POSTES CANADA 19.80

CANADA POST / POSTES CANADA

From anywhere... to anyone

De partout... jusqu'à vous

CANADA POST / POSTES CANADA

Priority Courier

Messageries prioritaires

P

RE 858 779 290 CA

RE 858 779 290 CA

Signature on delivery?

Signature à la livraison?

Sender warrants that this item does not contain dangerous goods and agrees with the terms and conditions on the reverse.

L'expéditeur garantit que cet envoi ne contient pas de matières dangereuses et accepte les conditions à l'endos.

33-086-574 (04-03)

SHIPPING COPY
Detach and apply to item

ÉTIQUETTE D'EXPÉDITION
Détachez et apposez sur l'article

Date: 2010 12 01

From / Expéditeur

FRASER MILNER CASGRAIN LLP
BARRISTERS & SOLICITORS
2900 Manulife Place
10180 - 101 Street
Edmonton, Alberta T5J 3V5

To / Destinataire

Christopher Bruins
Box 22007
Medicine Hat, AB
T1A-8M5

125665-8158 /RCR.

FOLD ON DOTTED LINE / PLIER SUR LE POINTILLÉ

POUR OUVRIR, TIRER LA LANGUETTE | PULL TAB TO OPEN

Flexipack / Flexifort
406 mm x 305 mm

PATENT NO. 6,354,739

CANADA POST POSTES CANADA

Tracking Number

RE858779290CA

Please note that this is the most up-to-date information available in our system. Our telephone agents have access to the s information presented here.

Track Status

Product Type: Priority Courier

Date	Time	Location	Description	Retail Location	Signatory Name
2009/12/02	12:42		Item successfully delivered		

Track History

Date	Time	Location	Description	Retail Location	Signatory N
2009/12/02	12:42		Item successfully delivered		
2009/12/02	12:42		Signature image recorded for Online viewing		I MYERS
2009/12/02	11:59	MEDICINE HAT	Item redirected to recipient's new address		
2009/12/02	07:40	MEDICINE HAT	Item out for delivery		
2009/12/01	16:00	EDMONTON	Item accepted at the Post Office		

Shipping Options and Features for this Item
Signature Required

RCK (Your Copy)

CANADA POST POSTES CANADA

19.14

1201

T5J 3V5 2009.12.01

POST CANADA
From anywhere... to anyone
De partout... jusqu'à vous

CANADA POST POSTES CANADA

Priority Courier **Messageries prioritaires**

P

RE 858 779 309 CA

RE 858 779 309 CA

Signature on delivery? Signature à la livraison?

Sender warrants that this item does not contain dangerous goods and agrees with the terms and conditions on the reverse.

L'expéditeur garantit que cet envoi ne contient pas de matières dangereuses et accepte les conditions à l'endos.

33-086-574 (04-03)

SHIPPING COPY Detach and apply to item
ÉTIQUETTE D'EXPÉDITION Détachez et apposez sur l'article

Date / Year Année: 2009 12 01

From / Expéditeur
Customer No. / N° du client
Name / Nom: FRASER MILNER CASGRAIN LLP BARRISTERS & SOLICITORS
Address / Adresse: 2900 Manulife Place 10180 - 101 Street
City / Prov. / Postal Code / Ville / Prov. / Code postal: Edmonton, Alberta T5J 3V5
Telephone No. / N° de téléphone

To / Destinataire
Name / Nom: 1208362 Alberta Ltd. c/o Registered Office
Address / Adresse: 300, 10335-172 street
City / Prov. / Postal Code / Ville / Prov. / Code postal: Edmonton, AB T5S 1K9
Telephone No. / N° de téléphone

125665-8158 / RCR

FOLD ON DOTTED LINE / PLIER SUR LE POINTILLÉ

PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN — POUR OUVRIR, TIRER LA LANGUETTE — PULL TAB TO OPEN

Flexipack / Flexifort
406 mm x 305 mm

1739

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

IN THE MATTER OF THE INDEBTEDNESS OF
ADVANTAGE OILFIELD GROUP LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 – 101 STREET
EDMONTON, ALBERTA
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
File: 125665.8158/RCR

EDMDOCS|RRUTMAN|2503686-1

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

IN THE MATTER OF THE INDEBTEDNESS OF
RANCO HOLDINGS LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

I, Corinne Daniels, of the City of Edmonton, in the Province of Alberta, Legal Secretary, MAKE OATH AND SAY THAT:

1. I did serve Ranco Holdings Ltd. on December 1, 2009 with a demand letter and Notice of Intention to Enforce Security, copies of which are attached hereto and marked as Exhibits "A" and "B" by registered mail to Ranco Holdings Ltd., c/o Registered office, #300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9.

2. Attached hereto and marked as Exhibit "C" is the receipt of the postmaster at Edmonton, Alberta.

BEFORE ME at the City)
of Edmonton, in the Province of Alberta)
this 4 day of December,)
2009.)
Heather Sanderson)
A Commissioner for Oaths in and for
the Province of Alberta

Corinne Daniels
CORINNE DANIELS

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

FMC

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

This is Exhibit A
to the Affidavit of
Corinne Daniels
4 December
2009

Heather Sanderson
Notary Public / A Commissioner
for Oaths in and for the Province
of Alberta
HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

December 1, 2009

REGISTERED MAIL

Ranco Holdings Ltd.
c/o Registered Office
#300, 10335 - 172 Street
Edmonton, AB T5S 1K9

Dear Sirs:

Subject: Royal Bank of Canada ("RBC") – Ranco Holdings Ltd. ("Ranco")
Our File: 125665.8158/RCR

Please be advised that we are the solicitors for RBC with respect to the indebtedness of Ranco. RBC advises that Ranco is indebted to it in the amount of $902,797.54 plus interest from and after November 30, 2009 at the rate of $79.96 per day plus costs on a solicitor and his own client full indemnity basis.

On or about August 29, 2008 Ranco granted to RBC a land mortgage encumbering Plan 0512216, Block 1, Lot 10, Excepting thereout all mines and minerals in the principal sum of $1,500,000 payable upon demand with interest from and after demand for payment at RBC's prime interest rate per annum in effect from time to time plus 1 per cent plus costs on a solicitor and his own client full indemnity basis. The mortgage secures all obligations of Ranco to RBC.

On behalf of RBC we hereby demand payment of the sum of $902,797.54 plus interest and costs from Ranco and payment pursuant to the above referenced mortgage to the extent of $902,797.54 plus interest and costs. Payment is to be made to RBC care of this office within ten days of the date of this letter failing which legal action and/or realization of security may be commenced to recover same.

Please find attached a Notice of Intention to Enforce Security for the purpose of service.

Please note that RBC reserves the right to accelerate the time for payment set out in this letter and in the attached notice if it comes to believe that it is in its interest to do so.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman

RCR:cd
Enclosure
cc Royal Bank of Canada
Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2502804-1

FORM 115
NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))

TO: RANCO HOLDINGS LTD. (an insolvent person)

TAKE NOTICE THAT:

1. Royal Bank of Canada, a secured creditor, intends to enforce its security on the property of the insolvent person described below:

   (a) All present and after acquired property;
   (b) Plan 0512216, Block 1, Lot 10, Excepting thereout all mines and minerals;
   (c) All present and after acquired property;

2. The security that is to be enforced is in the form of:

   (a) General Security Agreement;
   (b) Land Mortgage;
   (c) General Security Agreement.

3. The total amount of indebtedness secured by the security is indebtedness in the amount of $902,797.54 plus interest upon such sum from and after November 30, 2009 plus costs on a solicitor and his own client full indemnity basis.

4. The secured-creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at the City of Edmonton, in the Province of Alberta, this 1st day of December, 2009.

ROYAL BANK OF CANADA,
by its solicitors and agents, Fraser Milner Casgrain LLP
per:

Ray C. Rutman

EDMDOCS|RRUTMAN|2502810-1

This is Exhibit "B" ... the Affidavit of
Corinne Daniels
... before me this
4 ... December
... 2009
Heather Sanderson

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

This is Exhibit " C "
to the Affidavit of

Corinne Daniels

sworn before me this

4 day of December

A.D. 2009

Heather Sanderson

A Notary Public / A Commissioner
for Oaths in and for the Province
of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

(5)

125665-8158 / RCP 8.04

R Registered Recommandé
Domestic Régime intérieur

CANADA POST POSTES CANADA

Addressee / Destinataire: Ranco Holdings Ltd. 169919

Name / Nom: c/o Registered Office

Address / Adresse: 300, 10335-172 St.

City / Ville Province Postal Code / Code postal: Edmonton AB T5S 1K9

FOR DELIVERY CONFIRMATION / POUR CONFIRMER LA LIVRAISON
1 888 550-6333
www.canadapost.ca
www.postescanada.ca

Declared Value / Valeur déclarée $

DEC 01 2009
EDMONTON
AB

Item no. / N° de l'article
79 450 490 339

CUSTOMER RECEIPT REÇU DU CLIENT

40-076-609 (98-12)

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

IN THE MATTER OF THE INDEBTEDNESS OF
RANCO HOLDINGS LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 – 101 STREET
EDMONTON, ALBERTA
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
File: 125665.8161/RCR

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

IN THE MATTER OF THE INDEBTEDNESS OF
NORTH PAW ENERGY SERVICES LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

I, Corinne Daniels, of the City of Edmonton, in the Province of Alberta, Legal Secretary, MAKE OATH AND SAY THAT:

1. I did serve North Paw Energy Services Ltd. on December 2, 2009 with a demand letter and Notice of Intention to Enforce Security, copies of which are attached hereto and marked as Exhibits "A" and "B" by registered mail to North Paw Energy Services Ltd., c/o Registered office, #300, 10335 – 172 Street, Edmonton, Alberta, T5S 1K9.

2. Attached hereto and marked as Exhibit "C" is the receipt of the postmaster at Edmonton, Alberta.

BEFORE ME at the City of Edmonton, in the Province of Alberta this 4 day of December, 2009.	)	
Heather Sanderson	)	Corinne Daniels
A Commissioner for Oaths in and for the Province of Alberta	)	CORINNE DANIELS

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

FMC

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

December 1, 2009

REGISTERED MAIL

This is Exhibit " A " referred to in the Affidavit of Coliane Daniels sworn before me this 4 day of December A.D. 2009 Heather Sanderson A Notary Public / A Commissioner for Oaths in and for the Province of Alberta HEATHER N. SANDERSON MY COMMISSION EXPIRES JUNE 25, 2011

North Paw Energy Services Ltd.
c/o Registered Office
#300, 10335 - 172 Street
Edmonton, AB T5S 1K9

Dear Sirs:

Subject: **Royal Bank of Canada ("RBC")**
- North Paw Energy Services Ltd. ("North")
Our File: 125665.8158/RCR

Please be advised that we are the solicitors for RBC with respect to the indebtedness of North. RBC advises that North is indebted to RBC with respect to the following, *inter alia*:

(a) Demand loan - $500,205.48 plus interest from and after November 30, 2009 at the rate of $51.37 per day plus costs on a solicitor and his own client full indemnity basis.

On behalf of RBC we hereby demand payment of the above noted indebtedness. Payment is to be made to RBC care of this office within ten days of the date of this letter failing which legal action and/or realization of security may be commenced to recover same.

Please find attached a Notice of Intention to Enforce Security for the purpose of service.

Please note that in addition to the above referenced indebtedness and security, North is indebted to RBC pursuant to numerous leases. RBC reserves the right to issue a separate demand with respect to the subject lease obligations and to issue a Supplemental Notice of Intention to Enforce Security with respect to such leases.

Please note further that RBC reserves the right to accelerate the time for payment set out in this letter and in the attached notice if it comes to believe that it is in its interest to do so.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman

RCR:cd
Enclosure
cc Royal Bank of Canada
Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2502838-1

FORM 115

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1))

TO: NORTH PAW ENERGY SERVICES LTD. (an insolvent person)

TAKE NOTICE THAT:

1. Royal Bank of Canada, a secured creditor, intends to enforce its security on the property of the insolvent person described below:

   (a) All present and after acquired personal property.

2. The security that is to be enforced is in the form of:

   (a) General Security Agreement.

3. The total amount of indebtedness secured by the security is indebtedness in the amount of $911,816.10 plus interest upon such sum from and after November 30, 2009 plus costs on a solicitor and his own client full indemnity basis plus lease payments accruing due from and after November 30, 2009.

4. The secured-creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

Dated at the City of Edmonton, in the Province of Alberta, this 1st day of December, 2009.

ROYAL BANK OF CANADA,
by its solicitors and agents, Fraser Milner Casgrain LLP
per:

Ray C. Rutman

EDMDOCS|RRUTMAN|2502841-1

This is Exhibit "B" referred to in the Affidavit of
Corinne Daniels
Sworn before me this
4 day of December
2009
Heather Sanderson
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

This is Exhibit C
to the Affidavit of
Corinne Daniels
Sworn before me this
4 day of December
A.D. 2009

A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

125665-8158/RCR

8.04

R Registered Domestic | Recommandé Régime intérieur

CANADA POST / POSTES CANADA

Addressee / Destinataire: North Peace Energy Services Ltd.
Name / Nom: C/O Registered Office
Address / Adresse: #300, 10335-172 Street
City / Ville, Province, Postal Code / Code postal: Edmonton, AB T5S 1K9

FOR DELIVERY CONFIRMATION / POUR CONFIRMER LA LIVRAISON
1 888 550-6333
www.canadapost.ca
www.postescanada.ca

Declared Value / Valeur déclarée $

Item No. / Nº de l'article
79 450 490 360

CUSTOMER RECEIPT | REÇU DU CLIENT

DEC 03 2009
EDMONTON

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

IN THE MATTER OF THE INDEBTEDNESS OF
NORTH PAW ENERGY SERVICES LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 – 101 STREET
EDMONTON, ALBERTA
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
File: 125665.8162/RCR

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

IN THE MATTER OF THE INDEBTEDNESS OF
NORTH PAW ENERGY SERVICES LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

I, Corinne Daniels, of the City of Edmonton, in the Province of Alberta, Legal Secretary, MAKE OATH AND SAY THAT:

1. I did serve Christopher Bruins on February 8, 2010 with a demand letter, a copy of which is attached hereto and marked as Exhibit "A" by priority post to Christopher Bruins, Box 22007, Medicine Hat, Alberta, T1A 8M5.

2. Attached hereto and marked as Exhibit "B" is the receipt of the postmaster at Edmonton, Alberta.

BEFORE ME at the City of Edmonton, in the Province of Alberta this 9 day of February, 2010.	)))))	CORINNE DANIELS
A Commissioner for Oaths in and for the Province of Alberta		

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

FMC

FRASER MILNER CASGRAIN LLP

Ray Rutman
Direct Line: (780) 423-7246
ray.rutman@fmc-law.com

This is Exhibit " A " referred to in the Affidavit of

Carmine Daniels

Sworn before me this 9 day of February 2010

A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

February 8, 2010

PRIORITY POST

Christopher Bruins
Box 22007
Medicine Hat, AB
T1A 8M5

Dear Sirs:

Subject: Royal Bank of Canada ("RBC") – North Paw Energy Services Ltd. ("North") - Yourself
Our File: 125665.8162/RCR

As you are aware we are the solicitors for RBC with respect to the indebtedness of North and yourself. On or about April 4, 2008 you granted to RBC a guarantee and postponement of claim guaranteeing to RBC the indebtedness of North for up to the sum of $900,000 with interest from demand at RBC's prime interest rate per annum in effect from time to time plus 3 per cent plus costs on a solicitor and his own client basis.

The indebtedness of North to RBC exceeds the sum of $900,000.

On behalf of RBC we hereby demand payment of the sum of $900,000 plus interest and costs in accordance with the terms of your guarantee. Payment is to be made to RBC forthwith care of this office failing which legal action will be commenced to recover same.

Yours truly,

FRASER MILNER CASGRAIN LLP

Ray Rutman
RCR:cd
Enclosure
cc StilmannLLP/Att: Gregory Bentz and Chris Hoose (via fax)
cc Royal Bank of Canada
Att: David Johnson (via LRM)
EDMDOCS|RRUTMAN|2586002-1

RCR

This is Exhibit "B"
to the Affidavit of
Corinne Daniels
Sworn before me this
9 day of February
A.D. 2010
Heather Sanderson
A Notary Public / A Commissioner for Oaths in and for the Province of Alberta

HEATHER N. SANDERSON
MY COMMISSION EXPIRES JUNE 25, 2011

CUSTOMER RECEIPT **REÇU DU CLIENT**

Date Year Année MM DJ 2010 02 08

Priority Courier **Messageries prioritaires** **P**

169919
FEB 0 8 2010
EDMONTON
AB

From Customer No. / N° du client	**Expéditeur** Telephone No. / N° de téléphone
Name / Nom	
Address / Adresse	
City / Prov. / Postal Code	Ville / Prov. / Code postal
To Customer No. / N° du client	**Destinataire** Telephone No. / N° de téléphone
Name / Nom	Christopher Brains
Address / Adresse	Box 22007
City / Prov. / Postal Code / Ville / Prov. / Code postal	Medicine Hat, AB T1A 8M5

20.90

125665-8162/RCR

FOR DELIVERY CONFIRMATION
CONFIRMATION DE LA LIVRAISON
www.canadapost.ca or/ou www.postescanada.ca
1 888 550-6333
CANADA POST POSTES CANADA

ITEM NUMBER / N° DE L'ARTICLE 73 858 779 241

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

IN THE MATTER OF THE INDEBTEDNESS OF
NORTH PAW ENERGY SERVICES LTD.
TO ROYAL BANK OF CANADA

AFFIDAVIT OF SERVICE

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 – 101 STREET
EDMONTON, ALBERTA
T5J 3V5

Solicitor: Ray C. Rutman
Telephone: (780) 423-7246
File: 125665.8162/RCR

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

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

Corinne Daniels
____
A Commissioner for Oaths
In and for the Province of Alberta

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

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto;

and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. **REPRESENTATIONS AND WARRANTIES OF DEBTOR**

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

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor'), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable,and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. **COVENANTS OF THE DEBTOR**

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to

make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. **INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. **INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Colllateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. **DISPOSITION OF MONEY**

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. **EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

(i) any one of the events described in Clause 11 hereof;

(ii) a declaration by RBC pursuant to Clause 12 hereof;or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior

encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off

against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR Advantage Oilfield Group Ltd.		
ADDRESS OF BUSINESS DEBTOR **PO Box 22007 RPO Med Hat Core**		
CITY	PROVINCE	POSTAL CODE
Medicine Hat	**AB**	**T1A 8M5**

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

WITNESS / OFFICER SIGNATURE* (as to all signatures)	EXECUTION DATE Y	M	D	Advantage Oilfield Group Ltd.
	08	01	28	Per: ______ President (Seal)
				Per: ______ Secretary (Seal)
Name:				**Carrying on Business as:
* Address				
* Address				(Principal Address)
* Professional Capacity				(City, Town, etc. & Province)

BRANCH ADDRESS

AB SE COMMERCIAL MARKETS
580 3RD ST SE
MEDICINE HAT AB T1A 0H3

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

Type	Secured Party	Registration Number
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC c/o Prospect Capital Management, LLC and Prospect Capital Corporation	06053028525
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC c/o Prospect Capital Management, LLC and Prospect Capital Corporation	06053028632
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC c/o Prospect Capital Management, LLC and Prospect Capital Corporation	06053028707
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC c/o Prospect Capital Management, LLC and Prospect Capital Corporation	06053029085
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC c/o Prospect Capital Management, LLC and Prospect Capital Corporation	06053029580
Land Charge	Prospect Energy Corporation and Prospect Capital Funding LLC, c/o Prospect Capital Management, LLC	06053037765
Security Agreement	Prospect Energy Corporation and Prospect Capital Funding LLC, c/o Prospect Capital Management, LLC	06053038565
Security Agreement	Chrysler Financial and Daimler Chrysler Financial Services Canada Inc.	06061215775

SCHEDULE "B"

1. Location of Debtor's Business Operations

   47 - 3rd Avenue, East
   Dunmore, Alberta
   T0J 1A0

2. Locations of Records relating to Collateral (if different from 1. above)

   Same as above

3. Locations of Collateral (if different from 1. above)

   Same as above

SCHEDULE "C"

(DESCRIPTION OF PROPERTY)

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. **SECURITY INTEREST**

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto;

and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor'), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable,and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to

make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Colllateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

~~(i) any one of the events described in Clause 11 hereof;~~

(ii) a declaration by RBC pursuant to Clause 12 hereof;or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior

encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off

against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	
FIRST NAME	SECOND NAME
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY
CITY	PROVINCE POSTAL CODE

SURNAME (LAST NAME)	
FIRST NAME	SECOND NAME
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY
CITY	PROVINCE POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR NORTH PAW ENERGY SERVICES LTD.		
ADDRESS OF BUSINESS DEBTOR **47 EAST 3RD AVE**		
CITY	PROVINCE	POSTAL CODE
DUNMORE	**AB**	**T1A 8M5**

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

	EXECUTION DATE	NORTH PAW ENERGY SERVICES LTD.
WITNESS / OFFICER SIGNATURE* (as to all signatures)	Y 07 / M 04 / D 05	
Name:		**Carrying on Business as:
* Address		
* Address		(Principal Address)
* Professional Capacity		(City, Town, etc. & Province)

BRANCH ADDRESS

AB SE COMMERCIAL MARKETS
580 3 ST SE
MEDICINE HAT AB T1A 0H3

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

   47 EAST 3RD AVE
   DUNMORE, AB
   T1A 8M5

2. Locations of Records relating to Collateral (if different from 1. above)

3. Locations of Collateral (if different from 1. above)

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto;

and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. **REPRESENTATIONS AND WARRANTIES OF DEBTOR**

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

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor'), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable,and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. **COVENANTS OF THE DEBTOR**

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to

make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. **INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. **INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Colllateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. **DISPOSITION OF MONEY**

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. **EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

(i) any one of the events described in Clause 11 hereof;

(ii) a declaration by RBC pursuant to Clause 12 hereof;or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. **ACCELERATION**

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. **REMEDIES**

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior

encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off

against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of ~~the amalgamating companies and the amalgamated company at the time of~~ amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" ~~owned by each company amalgamating with Debtor, and by the~~ amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or ~~financing change statement registered by RBC or any verification statement pertaining to~~ a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	
FIRST NAME	SECOND NAME
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY
CITY	PROVINCE POSTAL CODE

SURNAME (LAST NAME)	
FIRST NAME	SECOND NAME
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY
CITY	PROVINCE POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR Ranco Holdings Ltd.		
ADDRESS OF BUSINESS DEBTOR Box 22007		
CITY Medicine Hat	PROVINCE AB	POSTAL CODE T1A 8M5

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

WITNESS / OFFICER SIGNATURE* (as to all signatures)	EXECUTION DATE Y	M	D	Rango Holdings Ltd.
	08	08	29	Seal
				Seal
Name:				**Carrying on Business as:
* Address				(Principal Address)
* Address				(City, Town, etc. & Province)
* Professional Capacity				

BRANCH ADDRESS

AB SE COMMERCIAL MARKETS
580 3RD ST SE
MEDICINE HAT AB T1A 0H3

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. **Locations of Debtor's Business Operations**

   PO Box 22007
   Medicine Hat, Alberta
   T1A 8M5

2. **Locations of Records relating to Collateral (if different from 1. above)**

   same as above

3. **Locations of Collateral (if different from 1. above)**

   same as above

SCHEDULE "C"

(DESCRIPTION OF PROPERTY)

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA** ("RBC") a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

(i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

(A) all Inventory of whatever kind and wherever situate;

(B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;

(C) all Accounts and book debts and generally all debts, dues, claims, chose s in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");

(D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;

(E) all contractual rights and insurance claims;

(F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"; and

(G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto; and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A. and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

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

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor'), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable,and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;

(ii) the details of any significant acquisition of Collateral;

(iii) the details of any claims or litigation affecting Debtor or Collateral;

(iv) any loss or damage to Collateral;

(v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and

(vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

(i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;

(iii) all financial statements prepared by or for Debtor regarding Debtor's business;

(iv) all policies and certificates of insurance relating to Collateral; and

(v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

(i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of colllateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and

(ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

~~(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;~~

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

~~(i) any one of the events described in Clause 11 hereof;~~

(ii) a declaration by RBC pursuant to Clause 12 hereof;or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have noobligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on theproceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to anyIndebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaidregistered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(q) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(r) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

SURNAME (LAST NAME)		
FIRST NAME	SECOND NAME	
ADDRESS OF INDIVIDUAL DEBTOR	DATE OF BIRTH YEAR MONTH DAY	
CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR RANCO HOLDINGS LTD.		
ADDRESS OF BUSINESS DEBTOR **127 SOUTHWEST DRIVE S.W.**		
CITY	PROVINCE	POSTAL CODE
MEDICINE HAT	**AB**	**T1A 8E8**

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

WITNESS / OFFICER SIGNATURE* (as to all signatures)	EXECUTION DATE			RANCO HOLDINGS LTD.
	Y	M	D	Seal
	2005	06	13	Seal
Name:				**Carrying on Business as:
* Address				
* Address				(Principal Address)
* Professional Capacity				(City, Town, etc. & Province)

BRANCH ADDRESS

BUSINESS SERVICE CENTRE
3RD FLR 180 WELLINGTON ST W
TORONTO ON M5J 1J1

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

127 SOUTHWEST DRIVE S.W.
MEDICINE HAT, AB
T1A 8E8

2. Locations of Records relating to Collateral (if different from 1. above)

SAME AS ABOVE

3. Locations of Collateral (if different from 1. above)

SAME AS ABOVE

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

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

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

Connie Daniels

A Commissioner for Oaths In and for the Province of Alberta

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

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z01743343

Transmitting Party

FRASER MILNER CASGRAIN LLP

2900 10180 101 ST
EDMONTON, AB T5J3V5

Party Code: 50000165
Phone #: 780 423 7100
Reference #:

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 06061215775 Registration Type: SECURITY AGREEMENT

Registration Date: 2006-Jun-12 Registration Status: Current

Expiry Date: 2011-Jun-12 23:59:59

Inexact Match on: Debtor No: 3

Amendments to Registration

07030712066	Amendment	2007-Mar-07
08093027637	Amendment	2008-Sep-30

Debtor(s)

Block

1 GAWNE'S WELDING INC
BOX 1286
BEAVERLODGE, AB T0H 0C0

Status
Deleted by
07030712066

Block

2 GAWNE, GARY, DONALD
BOX 1286
BEAVERLODGE, AB T0H 0C0

Birth Date:
1968-Jan-25

Status
Deleted by
07030712066

Block

3 ADVANTAGE OILFIELD GROUP
47 EAST 3RD AVE
DUNMORE, AB T0J 1A0

Status
Current by
07030712066

Block

4 HAAG, GREGORY, GORDON
364 EAST 6TH ST
DUNMORE, AB T0J 1A0

Status
Deleted by
08093027637

Personal Property Registry Search Results Report

Search ID#: Z01743343

Birth Date:
1978-Jan-03

Secured Party / Parties

Block		Status
1	CHRYSLER FINANCIAL 1200-13131 LAKE FRASER DR SE CALGARY, AB T2J 7E8	Current

Block		Status
2	DAIMLERCHRYSLER FINANCIAL SERVICES CANADA INC. 1200-13131 LAKE FRASER DR SE CALGARY, AB T2J 7E8	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	3D7MX49CX6G245769	2006	DODGE RAM 3500	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	ALL ATTACHMENTS, ACCESSORIES, ADDITIONS, ALTERATONS, REPLACEMENTS	Current
2	& REPAIRS (WHETHER PRESENT OR FUTURE) TO THE VEHICLE COLLATERAL.	Current
3	PROCEEDS: ALL CASH AND NON-CASH PROCEEDS OF THE VEHICLE	Current
4	COLLATERAL INCLUDING WITHOUT LIMITATION PROCEEDS DERIVED DIRECTLY	Current
5	OR INDIRECTLY FROM ANY DEALING WITH THE VEHICLE COLLATERAL OR	Current
6	THAT INDEMNIFIES OR COMPENSATES THE DEBTOR(S) FOR THE DESTRUCTION	Current
7	OR DAMAGE TO OR LOSS OF THE VEHICLE COLLATERAL. THE PROCEEDS MAY	Current
8	TAKE THE FORM OF ANY ONE OR MORE OF THE FOLLOWING: GOODS,	Current
9	DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY, SECURITIES	Current
10	OR INTANGIBLES. ACCORDINGLY, ANY OF THE DEBTOR(S) AFTER-ACQUIRED	Current
11	PERSONAL PROPERTY MAY BE PROCEEDS AND THEREFORE SUBJECT TO THE	Current
12	SECURED PARTY'S SECURITY INTEREST.	Current

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743343

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 08012906688
Registration Date: 2008-Jan-29
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2028-Jan-29 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. 47 THIRD AVENUE EAST DUNMORE, AB T0J 1A0	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 580 THIRD STREET SOUTHEAST MEDICINE HAT, AB T1A 0H3	Current

Collateral: General

Block	Description	Status

1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY INCLUDING ALL GOODS, CHATTEL PAPER, DOCUMENTS OF TITLE, ALL INVENTORY, ALL EQUIPMENT (OTHER THAN INVENTORY) INCLUDING ALL MACHINERY, TOOLS, APPARATUS, PLANT, FURNITURE AND VEHICLES: ALL ACCOUNTS AND BOOK DEBTS, ALL DEBTS, DUES, CLAIMS, CHOSES IN ACTION AND DEMANDS OF EVERY NATURE; ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS RELATING TO OR BEING RECORDS OF DEBTS, CHATTEL PAPER OR DOCUMENTS OF TITLE, ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS, ALL PATENTS, INDUSTRIAL DESIGNS, TRADE SECRETS AND KNOW-HOW INCLUDING ENVIRONMENTAL TECHNOLOGY, BIOTECHNOLOGY, CONFIDENTIAL INFORMATION, TRADE NAMES, GOODWILL, COPYRIGHTS, PERSONALITY RIGHTS, PLANT BREEDER'S RIGHTS, INTEGRATED CIRCUIT TOPOGRAPHIES, SOFTWARE AND ALL FORMS OF INTELLECTUAL AND INDUSTRIAL PROPERTY AND NAY REGISTRATIONS AND APPLICATIONS FOR REGISTRATION OF ANY OF THE FOREGOING; ALL LISTS, RECORDS AND FILES RELATING TO DEBTORS, CLIENTS, CUSTOMERS AND PATIENTS; ALL PROCEEDS AND RENEWALS THEREOF, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR.	Current

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743343

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 08012907057
Registration Date: 2008-Jan-29

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. 47 THIRD AVENUE EAST DUNMORE, AB T0J 1A0	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 580 THIRD STREET SOUTHEAST MEDICINE HAT, AB T1A 0H3	Current

Personal Property Registry Search Results Report

Search ID#: Z01743343

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 08012923586
Registration Date: 2008-Jan-29
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2013-Jan-29 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. P O BOX 22007 RPO MED HAT CORE Medicine Hat, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 Wellington St W BSC 3rd Fl Toronto, ON M5J 1J1	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY	Current

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743343

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 08012926622
Registration Date: 2008-Jan-29

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. P O BOX 22007 RPO MED HAT CORE Medicine Hat, AB T1A8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 Wellington St W BSC 3rd Fl Toronto, ON M5J 1J1	Current

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743343

Business Debtor Search For:

ADVANTAGE OILFIELD GROUP LTD.

Search ID #: Z01743343 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:37:28

Registration Number: 10012013416
Registration Date: 2010-Jan-20

Registration Type: WRIT OF ENFORCEMENT
Registration Status: Current
Expiry Date: 2012-Jan-20 23:59:59

Issued in Grande Prairie Judicial District
Court File Number is 0904 00568
Judgment Date is 2010-Jan-14
This Writ was issued on 2010-Jan-19
Type of Judgment is Other

Original Judgment Amount: $48,341.80
Post Judgment Interest: $0.00

Costs Are: $542.00
Current Amount Owing: $19,583.80

Exact Match on: Debtor No: 1

Amendments to Registration

10012207793	Amendment	2010-Jan-22
10020821642	Amendment	2010-Feb-08

Solicitor / Agent

Gurevitch Headon & Associates
9931-106 Avenue
Grande Prairie, AB T8V 1J4

Phone #: 780 539 3710

Reference #: 20676tjb/pb

Debtor(s)

Block

1

Status

Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743343

ADVANTAGE OILFIELD GROUP LTD.
14425-97 Street
Grande Prairie, AB T8V 7B6

Creditor(s)

Block		Status
1	FAST FORWARD HORIZONTAL DRILLING (2004) LTD. Box 680 Grande Prairie, AB T8V 3A8	Deleted by 10020821642

Block		Status
2	FAST FORWARD HORIZONTAL DIRECTIONAL DRILLING (2004) LTD. Box 680 Grande Prairie, AB T8V 3A8	Current by 10020821642

Personal Property Registry
Search Results Report

Search ID#: Z01743343

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Debtor Name / Address

ADVANTAGE ELECTRIC LTD
125 ATKINSON ROAD
FORT MCMURRAY, AB T9J1E8

Reg. #
09010931436

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE ELECTRIC LTD.
125 ATKINSON ROAD
FORT MCMURRAY, AB T9J 1E8

Reg. #
08092932687

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE ELECTROLYSIS
38 SPRINGFIELD CRES
ST. ALBERT, AB T8N 0K1

Reg. #
98110904962

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE LAKELAND TRAVEL (2003) INC.
PO Box 1259 Stn Main
Cold Lake, AB T9M 1P3

Reg. #
09011501394

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE LEARNING SOLUTIONS
156 FATHER MERCREDI ST
FORT MCMURRAY, AB T9H 2A7

Reg. #
08060236255

SECURITY AGREEMENT

Debtor Name / Address

Reg. #
09060804230

ADVANTAGE LEARNING SOLUTIONS INC
156 FATHER MERCREDI ST
FORT MCMURRAY, AB T9H 2A7

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEARNING SOLUTIONS INC
9521 FRANKLIN AVE UNIT 160
FORT MCMURRAY, AB T9H 3Z7

09121822444

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEARNING SOLUTIONS INC.
160-9521 FRANKLIN AVENUE
FORT MCMURRAY, AB T9H 3Z7

09121117758

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEASING AND RENTALS LTD.
429 - 5TH STREET SW
MEDICINE HAT, AB T1A 4G9

05071418700

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEISURE PRODUCT (2004) LTD.
3927 - 44 AVENUE
RED DEER, AB T4N 3H7

06020928567

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEISURE PRODUCTS (2004) LTD.
3927 - 44 AVENUE
RED DEER, AB T4N 3H7

05010501871

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE LEISURE PRODUCTS (2004) LTD.
3927 - 44 AVENUE
RED DEER, AB T4N 3H7

06020928526

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD
3100 150 6TH AVE
CALGARY, AB T2P 3Y7

Reg. #
08041833173

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD
700 400 3 AVE SW
CALGARY, AB T2P 4H2

Reg. #
08050101906

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD
3100 150 6TH AVE
CALGARY, AB T2P 0L6

Reg. #
08081224763

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD
Suite 700, 400 - 3rd Avenue SW
Calgary, AB T2P 4H2

Reg. #
08111916210

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6th Avenue SW
Calgary, AB T2P 3Y7

Reg. #
00021021944

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-5TH AVENUE S.W.
CALGARY, AB T2P 0L6

01122018920

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400 - 5TH AVENUE S.W.
CALGARY, AB T2P 0L6

01122019357

LAND CHARGE

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
3100 - 150 6 AVENUE SW
CALGARY, AB T2P 3Y7

06042710589

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06042814829

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06051633474

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06051633599

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6TH AVENUE S.W.
CALGARY, AB T2P 3Y7

06053118938

SALE OF GOODS OR FACTORS ACT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6TH AVENUE S.W.
CALGARY, AB T2P 3Y7

06053119910

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
300, 440- 2 AVE SW
CALGARY, AB T2P 3Y7

06081010032

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06083126273

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06083126620

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

06101036983

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
1800, 635 - 8TH AVENUE SW
CALGARY, AB T2P 3M3

07012915513

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
635, 8TH AVENUE S.W. SUITE 1800
CALGARY, AB T2P 3M3

07031310233

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
1400, 350-7 AVENUE SW
CALGARY, AB T2P 3N9

07082827788

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6 AVENUE SW
CALGARY, AB T2P 3Y7

07092839195

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
BAY 103-7240 JOHNSTONE DR
RED DEER, AB T4P 3Y6

08031020592

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
3100 150 6 AVE SW
CALGARY, AB T2P 3Y7

08031818244

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

Government of Alberta ■

ADVANTAGE OIL & GAS LTD.
205 5 AVENUE SW 2500
Calgary, AB T2P 4H4

08040200217

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
1400 350 7 AVE SW
CALGARY, AB T2P 3N9

Reg. #
08040423402

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
1400 350 7 AVE SW
CALGARY, AB T2P 3N9

Reg. #
08040423917

LAND CHARGE

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
3100 150 6 AVE SW
CALGARY, AB T2P 3Y7

Reg. #
08041829731

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
BAY 13 7240 JOHNSTONE DR
RED DEER, AB T4P 3Y6

Reg. #
08061220749

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
700-400 3 AVE SW
CALGARY, AB T2P 4H2

Reg. #
08071529397

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6th Avenue SW
Calgary, AB T2P 3Y7

08101025258

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
Bay 103, 7240 Johnstone Drive
Red Deer, AB T4P 3Y6

08102425379

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
Suite 700, 400 - 3rd Avenue SW
Calgary, AB T2P 4H2

08110431721

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
700, 400 - 3rd Avenue SW
Calgary, AB T2P 4H2

08111309482

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

08121224544

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

08121827340

SECURITY AGREEMENT

Debtor Name / Address | **Reg. #**

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09020224861

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09020224889

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400 - 3RD AVENUE SW
CALGARY, AB T2P4H2

09020905515

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09031105143

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09031704067

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
700, 400 - 3 AVE. S.W.
CALGARY, AB T2P 4H2

09032413164

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09033124699

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09042902279

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09043024049

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

09071024388

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6 Avenue SW
Calgary, AB T2P 3Y7

09072120911

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
3100, 150 - 6 Avenue SW
Calgary, AB T2P 3Y7

09072121467

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL & GAS LTD.
400 3rd Ave S.W.
Calgary, AB T2P4H2

09110202113

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

Reg. #

09122321941

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL & GAS LTD.
SUITE 700, 400-3RD AVENUE SW
CALGARY, AB T2P4H2

Reg. #

10020209046

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL AND GAS INC.
3100, 150 - 6th Ave S.W.
Calgary, AB T2P 3Y7

Reg. #

08051318459

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL AND GAS LTD
3100 150 6TH AVE SW
CALGARY, AB T2P 3Y7

Reg. #

07121324690

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OIL AND GAS LTD.
3100 150-6TH AVE SW
CALGARY, AB T2P 3Y7

Reg. #

07090622767

SECURITY AGREEMENT

Debtor Name / Address

Reg. #

ADVANTAGE OIL AND GAS LTD.
3100 150-6TH AVE SW
CALGARY, AB T2P 3Y7

07090622791

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE OILFIELD SERVICES LTD.
34 26321 SH 627
SPRUCE GROVE, AB T7Y 1C7

Reg. #
06112015406

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE WELDING & FABRICATION LIMITED
257 GREGOIRE CRES
FORT MCMURRAY, AB T9H 2L6

Reg. #
07101614811

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE WELDING & FABRICATION LTD.
257 GREGOIRE CRES
FORT MCMURRAY, AB T9H 2L6

Reg. #
07100127617

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE WELDING & FABRICATION LTD.
257 GREGOIRE CRES
FORT MCMURRAY, AB T9H 2L6

Reg. #
07101614811

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE WELDING & FABRICATION LTD.
257 GREGOIRE CRESCENT
FORT MCMURRAY, AB T9H 2L6

Reg. #
07111200973

SECURITY AGREEMENT

Debtor Name / Address

ADVANTAGE WELDING & FABRICATION LTD.
257 GREGOIRE CRES
FORT MCMURRAY, AB T9H 2L6

Reg. #

07111336306

SECURITY AGREEMENT

Result Complete

This is Exhibit "P" 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

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z01743366

Transmitting Party

FRASER MILNER CASGRAIN LLP

2900 10180 101 ST
EDMONTON, AB T5J3V5

Party Code: 50000165
Phone #: 780 423 7100
Reference #:

Search ID #: Z01743366 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:41:03

Business Debtor Search For:

NORTH PAW ENERGY SERVICES LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

REGISTRAR OF PERSONAL PROPERTY

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743366

Business Debtor Search For:

NORTH PAW ENERGY SERVICES LTD.

Search ID #: Z01743366 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:41:03

Registration Number: 07030726983
Registration Date: 2007-Mar-07

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2012-Mar-07 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	NORTH PAW ENERGY SERVICES LTD. 47 EAST 3RD AVENUE DUNMORE, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST W BSC 3RD FL TORONTO, ON M5J 1J1	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY	Current

Business Debtor Search For:

NORTH PAW ENERGY SERVICES LTD.

Search ID #: Z01743366 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:41:03

Registration Number: 07030727239
Registration Date: 2007-Mar-07

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	NORTH PAW ENERGY SERVICES LTD. 47 EAST 3RD AVENUE DUNMORE, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST W BSC 3RD FL TORONTO, ON M5J 1J1	Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743366

Business Debtor Search For:

NORTH PAW ENERGY SERVICES LTD.

Search ID #: Z01743366 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:41:03

Registration Number: 07050723654
Registration Date: 2007-May-07

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2017-May-07 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

09041419817	Amendment	2009-Apr-14

Debtor(s)

Block		Status
1	NORTH PAW ENERGY SERVICES LTD. PO BOX 22007 RPO MED HAT CORE MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST. W, 5TH FLOOR TORONTO, ON M5J 1J1	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	2A9LB50385N125027	2005	ASPEN HHT/RL	MV - Motor Vehicle	Current
2	1XKDDB0X4XR956459	1999	KENWORTH T800	MV - Motor Vehicle	Deleted By 09041419817
3	15543	1994	KOMATSU PC03-2 HYDRAULIC	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743366

1	ALL GOODS AND EQUIPMENT OF EVERY NATURE OR KIND LEASED PURSUANT	Current
2	TO A MASTER LEASE AGREEMENT BETWEEN THE SECURED PARTY, AS LESSOR	Current
3	AND THE DEBTOR AS LESSEE, AS AMENDED FROM TIME TO TIME, INCLUDING	Current
4	ALL AFTER ACQUIRED GOODS AND EQUIPMENT SUBJECT TO ANY INTERIM	Current
5	FUNDING AGREEMENT(S) AND ANY LEASE SCHEDULES ATTACHED TO AND	Current
6	FORMING PART OF SUCH MASTER LEASE AGREEMENT, TOGETHER WITH ALL	Current
7	ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS PLACED ON OR	Current
8	FORMING PART OF SUCH GOODS AND ANY PROCEEDS DERIVED FROM THE	Current
9	SALE OR DISPOSITION OF SUCH GOODS.	Current
10	2005 ASPEN HHT/RL S/N 2A9LB50385N125027	Current
11	1999 KENWORTH T800 S/N 1XKDDB0X4XR956459	Current
		Deleted By 09041419817
12	1994 KOMATSU PC03-2 HYDRAULIC EXCAVATOR S/N 15543	Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743366

Business Debtor Search For:

NORTH PAW ENERGY SERVICES LTD.

Search ID #: Z01743366 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:41:03

Registration Number: 07082218509
Registration Date: 2007-Aug-22

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2017-Aug-22 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

07082312112	Amendment	2007-Aug-23

Debtor(s)

Block		Status
1	NORTH PAW ENERGY SERVICES LTD. PO BOX 22007 RPO MED HAT CORE MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST. W, 5TH FLOOR TORONTO, ON M5J 1J1	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	1HTMKAAN67H529818	2007	INTERNATIONAL 4400 SBA	MV - Motor Vehicle	Current By 07082312112

Collateral: General

Block	Description	Status
1	ALL GOODS AND EQUIPMENT OF EVERY NATURE OR KIND LEASED PURSUANT	Current
2	TO A MASTER LEASE AGREEMENT BETWEEN THE SECURED PARTY, AS LESSOR	Current

3	AND THE DEBTOR AS LESSEE, AS AMENDED FROM TIME TO TIME, INCLUDING	Current
4	ALL AFTER ACQUIRED GOODS AND EQUIPMENT SUBJECT TO ANY INTERIM	Current
5	FUNDING AGREEMENT(S) AND ANY LEASE SCHEDULES ATTACHED TO AND	Current
6	FORMING PART OF SUCH MASTER LEASE AGREEMENT, TOGETHER WITH ALL	Current
7	ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS PLACED ON OR	Current
8	FORMING PART OF SUCH GOODS AND ANY PROCEEDS DERIVED FROM THE	Current
9	SALE OR DISPOSITION OF SUCH GOODS.	Current

Result Complete

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

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

Connie Daniels

A Commissioner for Oaths In and for the Province of Alberta

CORINNE C.L. DAN...
MY COMMISSION EX...
JULY 25, 2010

Government of Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01743376

Transmitting Party
FRASER MILNER CASGRAIN LLP

2900 10180 101 ST
EDMONTON, AB T5J3V5

Party Code: 50000165
Phone #: 780 423 7100
Reference #:

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Business Debtor Search For:

RANCO HOLDINGS LTD.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 05062908560
Registration Date: 2005-Jun-29

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2011-Jun-29 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 580 THIRD STREET SOUTHEAST MEDICINE HAT, AB T1A OH3	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY INCLUDING	Current
2	ALL GOODS, CHATTEL PAPER, DOCUMENTS OF TITLE, ALL INVENTORY,	Current
3	ALL EQUIPMENT (OTHER THAN INVENTORY) INCLUDING ALL	Current
4	MACHINERY, TOOLS, APPARATUS, PLANT, FURNITURE AND VEHICLES;	Current
5	ALL ACCOUNTS AND BOOK DEBTS; ALL DEBTS, DUES, CLAIMS, CHOSES	Current
6	IN ACTION AND DEMANDS OF EVERY NATURE; ALL DEEDS, DOCUMENTS,	Current
7	WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS RELATING	Current
8	TO OR BEING RECORDS OF DEBTS, CHATTEL PAPER OR DOCUMENTS	Current
9	OF TITLE, ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS; ALL	Current
10	PATENTS, INDUSTRIAL DESIGNS, TRADE SECRETS AND KNOW-HOW	Current

11	INCLUDING ENVIORNMENTAL TECHNOLOGY, BIOTECHNOLOGY,	Current
12	CONFIDENTIAL INFORMATION, TRADE-NAMES, GOODWILL, COPY-	Current
13	RIGHTS, PERSONALITY RIGHTS, PLANT BREEDER'S RIGHTS,	Current
14	INTEGRATED CIRCUIT TOPOGRAPHIES, SOFTWARE AND ALL FORMS OF	Current
15	INTELLECTUAL AND INDUSTRIAL PROPERTY AND ANY REGISTRATIONS	Current
16	AND APPLICATIONS FOR REGISTRATION OF ANY OF THE FOREGOING;	Current
17	ALL LISTS, RECORDS AND FILES RELATING TO DEBTORS, CLIENTS,	Current
18	CUSTOMERS AND PATIENTS	Current

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 05070530950
Registration Date: 2005-Jul-05

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2010-Jul-05 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. 127 SOUTHWEST DRIVE S.W. MEDICINE HAT, AB T1A 8E8	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST. W., 3/F TORONTO, ON M5J 1J1	Current

Collateral: General

Block	Description	Status
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.	Current

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 05070531016
Registration Date: 2005-Jul-05

Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. 127 SOUTHWEST DRIVE S.W. MEDICINE HAT, AB T1A 8E8	Current

Secured Party / Parties

Block		Status
1	ROYAL BANK OF CANADA 180 WELLINGTON ST. W., 3/F TORONTO, ON M5J 1J1	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06082932168 Registration Type: SECURITY AGREEMENT
Registration Date: 2006-Aug-29 Registration Status: Current
Expiry Date: 2011-Aug-29 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. 47 E 3RD AVE DUNMORE, AB T1A8M5	Current

Secured Party / Parties

Block		Status
1	XEROX CANADA LTD 33 BLOOR ST. E. 3RD FLOOR TORONTO, ON M4W3H1	Current

Collateral: General

Block	Description	Status
1	EQUIPMENT, OTHER ALL PRESENT AND FUTURE OFFICE EQUIPMENT AND	Current
2	SOFTWARE SUPPLIED OR FINANCED FROM TIME TO TIME BY THE SECURED	Current
3	PARTY (WHETHER BY LEASE, CONDITIONAL SALE OR OTHERWISE), WHETHER	Current
4	OR NOT MANUFACTURED BY THE SECURED PARTY OR ANY AFFILIATE	Current
5	THEREOF.	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06090126704
Registration Date: 2006-Sep-01

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2012-Sep-01 23:59:59

Exact Match on: Debtor No: 3

Amendments to Registration

06092903837	Amendment	2006-Sep-29
07011905804	Amendment	2007-Jan-19
07121412459	Amendment	2007-Dec-14
08010229942	Amendment	2008-Jan-02
08062160895	Amendment	2008-Jun-21

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Deleted by 07011905804
2	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current by 06092903837
3	RANCO HOLDINGS LTD. 127 SOUTHWEST DRIVE S.W. MEDICINE HAT, AB T1A 8M5	Current by 08010229942

Secured Party / Parties

Block **Status**

Personal Property Registry Search Results Report

Search ID#: Z01743376

		Status
1	FINNING INTERNATIONAL INC. 6735 11 STREET CALGARY, AB T2E 7H9	Deleted by 07121412459

Block		Status
2	CATERPILLAR FINANCIAL SERVICES LIMITED 6735 11 STREET N.E., SUITE 200 CALGARY, AB T2E 7H9 Phone #: 403 275 7747 Fax #: 403 275 1157	Deleted by 08062160895

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062160895

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	2EN01065	2000	CATERPILLAR D7R TRACK TYP	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
2	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
3	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
4	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Government of Alberta

Personal Property Registry
Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06091905346
Registration Date: 2006-Sep-19

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2012-Sep-19 23:59:59

Exact Match on: Debtor No: 3

Amendments to Registration

06092903753	Amendment	2006-Sep-29
07011906257	Amendment	2007-Jan-19
07121411293	Amendment	2007-Dec-14
08010228423	Amendment	2008-Jan-02
08062131606	Amendment	2008-Jun-21

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Deleted by 07011906257

Block		Status
2	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current by 06092903753

Block		Status
3	RANCO HOLDINGS LTD. 127 SOUTHWEST DRIVE S.W. MEDICINE HAT, AB T1A 8M5	Current by 08010228423

Secured Party / Parties

Block **Status**

		Status
1	FINNING INTERNATIONAL INC. 6735 11 STREET CALGARY, AB T2E 7H9	Deleted by 07121411293

Block		Status
2	CATERPILLAR FINANCIAL SERVICES LIMITED 6735 11 STREET N.E., SUITE 200 CALGARY, AB T2E 7H9 Phone #: 403 275 7747 Fax #: 403 275 1157	Deleted by 08062131606

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062131606

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	2EN01091	2000	CATERPILLAR D7R TRACK TYP	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
2	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
3	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
4	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Government of Alberta ■

Personal Property Registry
Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06101109335 Registration Type: SECURITY AGREEMENT
Registration Date: 2006-Oct-11 Registration Status: Current
Expiry Date: 2012-Oct-11 23:59:59

Exact Match on: Debtor No: 3

Amendments to Registration

07011906364	Amendment	2007-Jan-19
07121411427	Amendment	2007-Dec-14
08010225247	Amendment	2008-Jan-02
08062135687	Amendment	2008-Jun-21

Debtor(s)

Block		Status
1	ADVANTAGE OILFIELD GROUP LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Deleted by 07011906364
2	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current
3	RANCO HOLDINGS LTD. 127 SOUTHWEST DRIVE S.W. MEDICINE HAT, AB T1A 8M5	Current by 08010225247

Secured Party / Parties

Block		Status
1		

	FINNING INTERNATIONAL INC. 6735 11 STREET CALGARY, AB T2E 7H9	Deleted by 07121411427

Block		Status
2	CATERPILLAR FINANCIAL SERVICES LIMITED 6735 11 STREET N.E., SUITE 200 CALGARY, AB T2E 7H9 Phone #: 403 275 7747 Fax #: 403 275 1157	Deleted by 08062135687

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062135687

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT00D6RHHDC00213	2006	CATERPILLAR D6R XW DS III	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	ONE ONLY CATERPILLAR D6R XW DS III TRACK TYPE TRACTOR.	Current
2	COMPLETE WITH CATERPILLAR 6PAT XW BULLDOZER SERIAL NUMBER	Current
3	R2W0185, CARCO 70APS WINCH SERIAL NUMBER 600168.	Current
4	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
5	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
6	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
7	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06101907472 Registration Type: SECURITY AGREEMENT

Registration Date: 2006-Oct-19 Registration Status: Current

Expiry Date: 2018-Oct-19 23:59:59

Exact Match on: Debtor No: 3

Amendments to Registration

07011904864	Amendment	2007-Jan-19
07121411155	Amendment And Renewal	2007-Dec-14
08010229802	Amendment	2008-Jan-02
08062161442	Amendment	2008-Jun-21

Debtor(s)

Block

1 ADVANTAGE OILFIELD GROUP LTD.
BOX 22007
MEDICINE HAT, AB T1A 8M5

Status
Deleted by 07011904864

Block

2 BRUINS HOLDINGS (1983) LTD.
BOX 22007
MEDICINE HAT, AB T1A 8M5

Status
Current

Block

3 RANCO HOLDINGS LTD.
127 SOUTHWEST DRIVE S.W.
MEDICINE HAT, AB T1A 8M5

Status
Current by 08010229802

Secured Party / Parties

Block

1

Status

	FINNING INTERNATIONAL INC. 6735 11 STREET CALGARY, AB T2E 7H9	Deleted by 07121411155
Block		**Status**
2	CATERPILLAR FINANCIAL SERVICES LIMITED 6735 11 STREET N.E., SUITE 200 CALGARY, AB T2E 7H9 Phone #: 403 275 7747 Fax #: 403 275 1157	Deleted by 08062161442
Block		**Status**
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062161442

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0330DKMWP00860	2006	CATERPILLAR 330DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	ONE ONLY CATERPILLAR 330DL HYDRAULIC EXCAVATOR.	Current
2	COMPLETE WITH CATERPILLAR 60 INCH PENETRATION RIPPER SERIAL	Current
3	NUMBER A2N00336.	Current
4	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
5	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUEMENTS OF TITLE, LICENCES,	Current
6	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
7	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06110126494
Registration Date: 2006-Nov-01

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2012-Nov-01 23:59:59

Exact Match on: Debtor No: 3

Amendments to Registration

07011903338	Amendment	2007-Jan-19
07121412280	Amendment	2007-Dec-14
08010226230	Amendment	2008-Jan-02
08062149253	Amendment	2008-Jun-21

Debtor(s)

Block

1 ADVANTAGE OILFIELD GROUP LTD.
BOX 22007
MEDICINE HAT, AB T1A 8M5

Status
Deleted by 07011903338

Block

2 BRUINS HOLDINGS (1983) LTD.
BOX 22007
MEDICINE HAT, AB T1A 8M5

Status
Current

Block

3 RANCO HOLDINGS LTD.
127 SOUTHWEST DRIVE S.W.
MEDICINE HAT, AB T1A 8M5

Status
Current by 08010226230

Secured Party / Parties

Block

1

Status

	FINNING INTERNATIONAL INC. 6735 11 STREET CALGARY, AB T2E 7H9	Deleted by 07121412280

Block		Status
2	CATERPILLAR FINANCIAL SERVICES LIMITED 6735 11 STREET N.E., SUITE 200 CALGARY, AB T2E 7H9 Phone #: 403 275 7747 Fax #: 403 275 1157	Deleted by 08062149253

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062149253

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0330DTMWP00869	2006	CATERPILLAR 330DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
2	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
3	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
4	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 06120110520
Registration Date: 2006-Dec-01

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2012-Dec-01 23:59:59

Exact Match on: Debtor No: 2

Amendments to Registration

07121412061	Amendment	2007-Dec-14
08010223088	Amendment	2008-Jan-02
08062137584	Amendment	2008-Jun-21

Debtor(s)

Block 1

BRUINS HOLDINGS (1983) LTD.
BOX 22007
MEDICINE HAT, AB T1A 8M5

Status: Current

Block 2

RANCO HOLDINGS LTD.
127 SOUTHWEST DRIVE S.W.
MEDICINE HAT, AB T1A 8M5

Status: Current by 08010223088

Secured Party / Parties

Block 1

FINNING INTERNATIONAL INC.
6735 11 STREET
CALGARY, AB T2E 7H9

Status: Deleted by 07121412061

Block 2

CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Status: Deleted by 08062137584

Personal Property Registry Search Results Report

Search ID#: Z01743376

Phone #: 403 275 7747 Fax #: 403 275 1157

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062137584

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT00D6RHHDC00132	2006	CATERPILLAR D6R XW DS III	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	COMPLETE WITH CATERPILLAR 6PAT XW BULLDOZER SERIAL NUMBER	Current
2	R1W00100, CATERPILLAR #6 MULTI SHANK RIPPER WITH 1 TOOTH SERIAL	Current
3	NUMBER 1EH02831.	Current
4	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
5	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
6	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
7	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 07011027799
Registration Date: 2007-Jan-10

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2013-Jan-10 23:59:59

Exact Match on: Debtor No: 2

Amendments to Registration

07121412342	Amendment	2007-Dec-14
08010222099	Amendment	2008-Jan-02
08062150733	Amendment	2008-Jun-21

Debtor(s)

Block | **Status**

1 BRUINS HOLDINGS (1983) LTD.
P. O. BOX 22007
MEDICINE HAT, AB T1A 8M5

Current

Block | **Status**

2 RANCO HOLDINGS LTD.
127 SOUTHWEST DRIVE S.W.
MEDICINE HAT, AB T1A 8M5

Current by 08010222099

Secured Party / Parties

Block | **Status**

1 FINNING INTERNATIONAL INC.
6735 11 STREET
CALGARY, AB T2E 7H9

Deleted by 07121412342

Block | **Status**

2 CATERPILLAR FINANCIAL SERVICES LIMITED
6735 11 STREET N.E., SUITE 200
CALGARY, AB T2E 7H9

Deleted by 08062150733

Phone #: 403 275 7747 Fax #: 403 275 1157

Block		Status
3	CATERPILLAR FINANCIAL SERVICES LIMITED Suite 705 700 Dorval Drive Oakville, ON L6K 3V3 Phone #: 403 275 7747 Fax #: 403 275 1157	Current by 08062150733

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0330DCMWP00871	2006	CATERPILLAR 330DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	COMPLETE WITH CATERPILLAR 60 INCH PENETRATION RIPPER.	Current
2	FROM THE COLLATERAL, ALL PROCEEDS INCLUDING ACCOUNTS, MONEY,	Current
3	CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE, LICENCES,	Current
4	INSTRUMENTS, SECURITIES, SUBSTITUTIONS, TRADE INS, INSURANCE	Current
5	PROCEEDS AND ANY OTHER FORM OF PROCEEDS.	Current

Government of Alberta ■

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 08121816409 Registration Type: SECURITY AGREEMENT

Registration Date: 2008-Dec-18 Registration Status: Current

Expiry Date: 2013-Dec-18 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. 47 3RD AVE E DUNMORE AB, AB T0J1A0	Current

Secured Party / Parties

Block		Status
1	XEROX CANADA LTD 33 BLOOR ST. E. 3RD FLOOR TORONTO, ON M4W3H1	Current

Collateral: General

Block	Description	Status
1	EQUIPMENT, OTHER ALL PRESENT AND FUTURE OFFICE EQUIPMENT AND SOFTWARE SUPPLIED OR FINANCED FROM TIME TO TIME BY THE SECURED PARTY (WHETHER BY LEASE, CONDITIONAL SALE OR OTHERWISE), WHETHER OR NOT MANUFACTURED BY THE SECURED PARTY OR ANY AFFILIATE THEREOF.	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09030211426
Registration Date: 2009-Mar-02

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2015-Mar-02 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	2S201106	2005	CATERPILLAR 561N	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	2005 CATERPILLAR 561N PIPELAYER	Current

2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09030211782 Registration Type: SECURITY AGREEMENT
Registration Date: 2009-Mar-02 Registration Status: Current
Expiry Date: 2015-Mar-02 23:59:59

Exact Match on: Debtor No: 2

Amendments to Registration

09030211988	Amendment	2009-Mar-02

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current by 09030211988

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0246CPJAY02657	2009	CATERPILLAR 246C	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status
1	2009 CATERPILLAR 246C SKID STEER LOADER SERIAL NUMBER CAT0246CPJAY02657 TOGETHER WITH CATERPILLAR 72 INCH GENERAL PURPOSE BUCKET WITH BOLT ON EDGE	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09030212045 Registration Type: SECURITY AGREEMENT
Registration Date: 2009-Mar-02 Registration Status: Current
Expiry Date: 2015-Mar-02 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0561NCCPH00150	2006	CATERPILLAR 561N	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

1	2006 CATERPILLAR 561N PIPELAYER SERIAL NUMBER CAT0561NCCPH00150 TOGETHER WITH REAR GUARD, 30 INCH TRACK MS 44 SECTION AND REVERSIBLE HYDRAULIC FAN	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Government of Alberta

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09030212694
Registration Date: 2009-Mar-02

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2015-Mar-02 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983 LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0324DPJJG00904	2008	CATERPILLAR 324DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

1	2008 CATERPILLAR 324DL HYDRAULIC EXCAVATOR SERIAL NUMBER CAT0324DPJJG00904 TOGETHER WITH CATERPILLAR MANUAL QUICK COUPLER S/N 0A2D02505, CATERPILLAR THUMB/TILT/HOEPAC/HAMMERHYDRAULICS FOR USE WITH 36 INCH BUCKET S/N 0A2R01246, CATERPILLAR 36 INCH DIGGING BUCKET WITH 4 TEETH S/N 0W2B02409, CATERPILLAR 66 INCH CLEAN UP BUCKET WITH BOLT ON EDGE S/N 0W2B03221 AND RIG SAVER	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Personal Property Registry
Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09032009238 Registration Type: SECURITY AGREEMENT
Registration Date: 2009-Mar-20 Registration Status: Current
Expiry Date: 2015-Mar-20 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 127 SOUTHWEST DRIVE SW MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 127 SOUTHWEST DRIVE SW MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0320DKPHX01848	2009	CATERPILLAR 320DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

1	ONE (1) CATERPILLAR 320DL HYDRAULIC EXCAVATOR SERIAL NUMBNER CAT0320DKPHX01848 TOGETHER WITH RIG SAVER, CATERPILLAR 54 INCH PENETRATION RIPPER	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09032327083 Registration Type: SECURITY AGREEMENT
Registration Date: 2009-Mar-23 Registration Status: Current
Expiry Date: 2015-Mar-23 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 127 SOUTHWEST DRIVE SW MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD BOX 22007 127 SOUTHWEST DRIVE SW MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0324DVJJG00925	2008	CATERPILLAR 324DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

1	ONE (1) CATERPILLAR 324DL HYDRAULIC EXCAVATOR SERIAL NUMBER CAT0324DVJJG00925 TOGETHER WITH CATERPILLAR 56 INCH PENETRATION RIPPER, RIG SAVER	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Personal Property Registry Search Results Report

Search ID#: Z01743376

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09032422895
Registration Date: 2009-Mar-24

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2015-Mar-24 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

Block		Status
1	BRUINS HOLDINGS (1983) LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Block		Status
2	RANCO HOLDINGS LTD. BOX 22007 MEDICINE HAT, AB T1A 8M5	Current

Secured Party / Parties

Block		Status
1	CATERPILLAR FINANCIAL SERVICES LIMITED 5575 North Service Road-Suite 600 Burlington, ON L7L 6M1 Phone #: 905 849 3003 Fax #: 905 849 1023	Current

Collateral: Serial Number Goods

Block	Serial Number	Year	Make and Model	Category	Status
1	CAT0320DEPHX01844	2008	CATERPILLAR 320DL	MV - Motor Vehicle	Current

Collateral: General

Block	Description	Status

1	2008 CATERPILLAR 320DL HYDRAULIC EXCAVATOR SERIAL NUMBER CAT0320DEPHX01844 TOGETHER WITH RIG SAVER, CATERPILLAR 54 INCH PENETRATION RIPPER	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Business Debtor Search For:

RANCO HOLDINGS LTD.

Search ID #: Z01743376 **Date of Search:** 2010-Feb-08 **Time of Search:** 14:42:46

Registration Number: 09042213885
Registration Date: 2009-Apr-22

Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2014-Apr-22 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block		Status
1	RANCO HOLDINGS LTD. 59 EAST 3RD AVE DUNMORE, AB T0J 1A0	Current

Secured Party / Parties

Block		Status
1	MRN INVESTMENTS 407-10145-119 ST nw EDMONTON, AB T5K 1Z2	Current

Collateral: General

Block	Description	Status
1	1- DIGITAL VIDEO RECORDER MODEL/ QSC26416 SER # A10559841; 1- POWER PANEL; 5- INDOOR DOME CAMERAS; 11- INDOOR / OUTDOOR CAMERAS; 1- TELEVISION/ HOME THEATER SYSTEM SER # AM400002976-AM400004337-AM400004336	Current

Personal Property Registry
Search Results Report

Search ID#: Z01743376

Note:

The following is a list of matches closely approximating your Search Criteria, which is included for your convenience and protection.

Debtor Name / Address	**Reg. #**
RUNCO HOLDING LTD. 11803 154 ST NW EDMONTON, AB T5V 1G6	04011514942

SECURITY AGREEMENT

Debtor Name / Address	**Reg. #**
RYN-KO ENTERPRISES INC 6 Summer Court Sherwood Park, AB T8H 2P7	09100808847

SECURITY AGREEMENT

Result Complete

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

Action No. ~~0903 08082~~ 1003 02172

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

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

- and -

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

Defendants

AFFIDAVIT

FRASER MILNER CASGRAIN LLP
Barristers and Solicitors
2900, 10180 – 101 Street
Edmonton, AB T5J 3V5

Attention: Ray C. Rutman
Phone: (780) 423-7246
Fax: (780) 423-7276

File: 125665.8158/RCR

EDMDOCS|RRUTMAN|2585884-3