Exhibit “B”

This is Exhibit "B" referred to in the Affidavit of
Rocco Fabiano, sworn before me at the
City of Toronto, Province of Ontario
this 25 day of February, 2010.

Notary Public in and for the Province of Ontario

GENERAL SECURITY AND MOVABLE HYPOTHEC AGREEMENT

THIS AGREEMENT is made as of April 4th, 2006,

BETWEEN:

ATCON HOLDINGS INC., a corporation incorporated under the laws of New Brunswick (occasionally referred to as the "Borrower"),

ATCON GROUP INC., a corporation incorporated under the laws of New Brunswick,

ATCON PLYWOOD INC., a corporation incorporated under the laws of New Brunswick,

ATCON CONSTRUCTION INC., a corporation incorporated under the laws of New Brunswick,

ENVIREM TECHNOLOGIES INC., a corporation incorporated under the laws of New Brunswick

ARVIN MACHINE WORKS INC., a corporation incorporated under the laws of New Brunswick,

TRAC INDUSTRIES LTD., a corporation incorporated under the laws of New Brunswick,

ATCON VENEER PRODUCTS INC., a corporation incorporated under the laws of New Brunswick,

ATCON MANAGEMENT SERVICES INC., a corporation incorporated under the laws of New Brunswick,

ATCON CIVIL LTD., a corporation incorporated under the laws of New Brunswick,

ASPEN ENVIRONMENTAL INC., a corporation incorporated under the laws of New Brunswick,

ATCON PROPERTY HOLDINGS INC., a corporation incorporated under the laws of New Brunswick,

DYCON CONSTRUCTION LTD., a corporation incorporated under the laws of New Brunswick,

ATCON LOGISTICS INC., a corporation incorporated under the laws of New Brunswick

MG

(and each other person who from time to time becomes a party hereto as a debtor hereinafter collectively, the "Debtors", and each a "Debtor")

- and -

MG STRATUM FUND III, LIMITED PARTNERSHIP,
(hereinafter referred to as the "Secured Party").

WHEREAS the Debtors (except Atcon Group Inc.) have entered into the Credit Agreement (as hereinafter defined) with the Secured Party pursuant to which the Secured Party has agreed to extend certain credit facilities to Atcon Holdings Inc.;

AND WHEREAS each Debtor (other than the Borrower) (each a "Guarantor" and collectively the "Guarantors") has guaranteed the obligations of the Borrower pursuant to the Guarantee (as hereinafter defined);

AND WHEREAS each Debtor has agreed to grant a security interest and assignment, mortgage and charge in and an hypothec on the Collateral (as hereinafter defined) to the Secured Party in order to secure the performance of its Obligations (as hereinafter defined) under the Credit Agreement and the Guarantee (as hereinafter defined), as applicable;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1 -INTERPRETATION

1.01 Interpretation

In this Agreement, in addition to the definitions set out in the recitals hereto, unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this agreement between the Secured Party and the Debtors, as may be amended, restated, replaced or supplemented from time to time.

"**Collateral**" has the meaning set out in Section 2.01.

"**Construction Shares**" has the meaning set out in Section 2.01(f).

"**Credit Agreement**" means the credit agreement made as of the date hereof between the Borrower, the Guarantors (other than Atcon Group Inc.) and the Secured Party as the same may be amended, restated, replaced or supplemented from time to time.

"**Event of Default**" means any of the events described as "events of default" in the Credit Agreement, or, with respect to any Debtor, a failure on the part of such Debtor to pay, when required, any amount due to the Secured Party pursuant to the Guarantee.

"**Guarantee**" means the guarantee of the Guarantors made as of the date hereof in favour of the Secured Party, as amended, restated, replaced or supplemented from time to time.

"**Obligations**" means in the case of each Debtor, such Debtor's respective obligations, debts and liabilities of any kind whatsoever owing to the Secured Party at any time, direct or indirect, absolute or contingent, matured or not, whether or not on a joint and several basis, in connection with or relating to (i) in the case of the Borrower, the Credit Agreement, and (ii) in the case of the Debtors other than the Borrower, the Guarantee.

The terms "accessions", "accounts", "chattel paper", "documents of title", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the *Personal Property Security Act* (New Brunswick), as now enacted or as the same may from time to time be amended, re-enacted or replaced (the "**PPSA**").

1.02 **Sections and Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa*, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

ARTICLE 2 -GRANT OF SECURITY INTEREST

2.01 **Security Interest**

As general and continuing security for the payment and performance of all Obligations of each Debtor to the Secured Party, each Debtor hereby grants to the Secured Party a security interest in and an hypothec on all of such Debtor's present and after-acquired personal property and on all of the present and future undertaking and property, either real, personal or movable, of such Debtor (collectively, the "Collateral"), and as further general and continuing security for the payment and performance of the Obligations, each Debtor hereby assigns the Collateral to the Secured Party and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Secured Party. Without limiting the generality of the foregoing, the Collateral will include all right, title and interest that each Debtor now has or may hereafter have, be possessed of, be entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter or may hereafter have in all property of the following kinds:

(a) Receivables: all debts, accounts, claims and choses in action for monetary amounts which are now or which may hereafter become due, owing or accruing due to each Debtor (collectively, the "Receivables");

(b) Inventory: all inventory of whatever kind and wherever situated including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in the business of each Debtor (collectively, the "Inventory");

(c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which are not Inventory (collectively, the "Equipment");

(d) Chattel Paper: all chattel paper;

(e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;

(f) Securities and Instruments: all shares, stock, warrants, bonds, debentures, debenture stock and other securities and all instruments (collectively, the "Securities") including all shares in the capital stock of Brun-Way Construction Inc. now held or hereafter acquired by any Debtor (the "Construction Shares");

(g) Intangibles: all intangibles not otherwise described in this Section 2.01 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other industrial property;

(h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;

(i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in this Section 2.01 and all contracts, securities, instruments and other rights and benefits in respect thereof;

(j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in this Section 2.01; and

(k) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral;

provided that the said assignment and mortgage and charge will not (i) extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by any Debtor, but should the Secured Party enforce the said assignment and mortgage and charge, such Debtor will thereafter stand possessed of such last day and must hold it in trust to assign the same to any person acquiring such term in the course of the enforcement of the said assignment and mortgage and charge, or (ii) render the Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which any Debtor is a party or by which it is bound.

2.02 **Amount of Hypothec**

The hypothec constituted by each Debtor under Section 2.01 is granted for the principal sum of $15,000,000 with interest thereon at the rate of 20% from the date of this Agreement.

2.03 **Attachment of Security Interest**

(1) Each Debtor acknowledges that value has been given and agrees that the security interest granted hereby will attach when such Debtor signs this Agreement and such Debtor has any rights in the Collateral.

(2) The security interest in the Construction Shares granted hereby will attach upon the earlier to occur of:

(a) following the occurrence of an Event of Default, notice by the Secured Party to the Debtors stating that such attachment has occurred; and

(b) the occurrence of the Event of Default set forth in Section 8.1(7) of the Credit Agreement.

2.04 **Exception for Contractual Rights**

The security interest granted hereby does not and will not extend to, and Collateral will not include any agreement, right, franchise, licence or permit (the "contractual rights") to which any Debtor is a party or of which such Debtor has the benefit, to the extent that the creation of the security interest herein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but such Debtor must hold its interest therein in trust for the Secured Party and will assign such contractual rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. Each Debtor agrees that it will, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest.

ARTICLE 3 -COVENANTS OF THE DEBTORS

3.01 **Representations and Warranties**

Each Debtor hereby represents and warrants to the Secured Party that:

(a) it is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation, with the corporate power to enter into this Agreement; this Agreement has been duly authorized by all necessary corporate action on its part and constitutes a legal and valid agreement binding upon it enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, hypothec, encumbrance or any other rights of others upon any of its property pursuant to any agreement, indenture or other instrument to which it is a party or by which it or any of its property may be bound or affected;

(b) except as otherwise provided herein or disclosed in a schedule to the Credit Agreement, all of the Collateral is the sole property of such Debtor free from any liens, charges, security interests, hypothecs, encumbrances or any rights of others which rank prior to or *pari passu* with the security interest, hypothec, assignment and mortgage and charge granted hereby; and

(c) the address of such Debtor's head office, registered office, chief executive office and the office where it keeps its records respecting the Receivables is that given at Schedule A to this Agreement.

3.02 **Covenants**

Each Debtor covenants with the Secured Party that such Debtor will:

(a) ensure that the representations and warranties set forth in the Credit Agreement will be true and correct at all times;

(b) maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;

(c) not permit the Collateral to be affixed, attached or joined to immovable, personal or movable property so as to become a fixture or accession without the prior written consent of the Secured Party;

(d) defend the Collateral against all claims and demands respecting the Collateral made by all persons at any time and, except as otherwise provided herein, will keep the Collateral free and clear of all security interests, hypothecs, mortgages, charges, liens and other encumbrances or interests except for those disclosed in a schedule to the Credit Agreement or hereafter approved in writing by the Secured Party prior to their creation or assumption;

(e) not change its head office, registered office, chief executive office and the location of the office where it keeps its records respecting the Receivables, move any Securities from the locations specified in any schedule hereto, or move, except in the ordinary course of its business, any of the Inventory or Equipment from the locations specified in any schedule hereto, provided that 30 days prior written notice shall be given to the Secured prior to the move of any Inventory or Equipment to (i) a jurisdiction other than the jurisdictions specified in any schedule hereto for a period of more than 30 days or (ii) leased premises or owned premises other than the ones specified in any schedule hereto;

(f) pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same become due and payable, and will exhibit to the Secured Party, when reasonably required, the receipts and vouchers establishing such payment;

(g) keep proper books of account in accordance with sound accounting practice, will furnish to the Secured Party such financial information and statements and such information and statements relating to the Collateral as the Secured Party may from time to time require under the terms of the Credit Agreement, and such Debtor will permit the Secured Party or its authorized agents at any reasonable time at the expense of such Debtor to examine the books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;

(h) from time to time at the reasonable request of the Secured Party promptly furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party will be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party will have access to all premises occupied by such Debtor or where the Collateral may be found;

(i) from time to time at the request of the Secured Party promptly execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment and mortgage and charge granted hereby and render opposable the hypothec granted hereby, and such Debtor hereby irrevocably constitutes and appoints the Secured Party, or any Receiver appointed by the court or the Secured Party, the true and lawful attorney of such Debtor, with full power of substitution, to do any of the foregoing in the name of such Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;

(j) not change its name or, if such Debtor is a corporation, will not amalgamate with any other corporation without first giving notice to the Secured Party of its new name and the names of all amalgamating corporations and the date when such new name or amalgamation is to become effective; and

(k) pay to the Secured Party promptly upon demand all reasonable costs and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution and perfection of this Agreement and the carrying out of any of the provisions of this Agreement including, without limiting the generality of the foregoing, protecting and preserving the security interest, hypothec, assignment and mortgage and charge granted hereby and enforcing by legal process or otherwise the remedies provided herein; and all such costs and expenses will be added to and form part of the Obligations secured hereunder.

ARTICLE 4 -INSURANCE

4.01 **Insurance**

Each Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less than the full replacement value thereof, in such form and with such insurers as are reasonably satisfactory to the Secured Party. If any such policies of insurance contain a co-insurance clause, the applicable Debtor will either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent such Debtor from becoming a co-insurer under the terms of any such policy. Subject to the provisions of the Credit Agreement, all such policies must name the Secured Party as an additional insured and loss payee thereof, as the Secured Party's interests may appear, must have attached a standard mortgage clause in a form approved by the Lender, and must provide, to the extent possible, that no cancellation or termination or non-renewal thereof or change therein, for any reason, shall take effect unless the insurer concerned has given the Secured Party not less than 30 days' prior written notice of such proposed action. At the Secured Party's request, each Debtor must furnish the Secured Party with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect. Each Debtor must give the Secured Party notice of any material and adverse damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should any Debtor fail to make any payment or perform any other obligation provided in this Section, the Secured Party will have the right, but not the obligation, without notice or demand upon such Debtor and without releasing such Debtor from any obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such obligations will be immediately due and payable by the applicable Debtor(s).

ARTICLE 5 -DEALING WITH COLLATERAL

5.01 **Dealing with Collateral by each Debtor**

Except as contemplated in this Agreement or in the Credit Agreement, and in each case subject to the provisions of the Credit Agreement, each Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Secured Party.

5.02 **Rights and Duties of the Secured Party**

(1) The Secured Party may perform any of its rights and duties hereunder by or through agents and is entitled to retain counsel and to act in reliance upon the advice of such counsel concerning all matters pertaining to its rights and duties hereunder.

(2) In the holding of the Collateral, the Secured Party and any nominee on its behalf is, subject to the provisions of the PPSA or the *Civil Code of Quebec*, as applicable, only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Secured Party and any nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as each Debtor reasonably requests in writing, but failure of the Secured Party or its nominee to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5.03 **Registration of Securities**

Subject to the provisions of the Credit Agreement, the Secured Party may have any Securities registered in its name or in the name of its nominee and will be entitled but not bound or required to exercise any of the rights that any holder of such Securities may at any time have, provided that until an Event of Default has occurred and is continuing, each Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Secured Party or which would violate or be inconsistent with this Agreement, all voting power from time to time exercisable in respect of the Securities. The Secured Party will not be responsible for any loss occasioned by its exercise of any of such rights or by failure to exercise the same within the time limited for the exercise thereof. Subject to the provisions of the Credit Agreement, each Debtor must from time to time forthwith upon the request of the Secured Party deliver to the Secured Party those Securities requested by the Secured Party duly endorsed for transfer to the Secured Party or its nominee to be held by the Secured Party.

5.04 **Notification of Account Debtors**

Subject to the provisions of the Credit Agreement, each Debtor is authorized to collect its Receivables and other claims forming part of the Collateral until the Secured Party withdraws its authorization to do so upon the occurrence of an Event of Default. Subject to the provisions of the Credit Agreement, before an Event of Default occurs, the Secured Party may give notice of this Agreement and the security interest and assignment granted hereby to any account debtors of any Debtor or to any other person liable to any Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by any Debtor from account debtors or from any other person liable to such Debtor whether before or after any notice is given by the Secured Party must be held by such Debtor in trust for the Secured Party and paid over to the Secured Party on request.

5.05 **Application of Funds**

Except where a Debtor, when not in default hereunder, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to such Debtor, all without prejudice to the Secured Party's rights against such Debtor.

ARTICLE 6 -REMEDIES

6.01 **Remedies**

(1) On or after the occurrence of any Event of Default by any Debtor(s): (i) any or all of the Obligations of such Debtor(s) will at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without presentment, protest or notice of dishonour, all of which are expressly waived; (ii) the obligation, if any, of the Secured Party to extend further credit to such Debtor(s) will cease; (iii) any or all security granted hereby will, at the option of the Secured Party, become immediately enforceable against such Debtor(s); (iv) the Secured Party may exercise all rights and remedies of a hypothecary creditor under the *Civil Code of Quebec*; and (v) in addition to any right or remedy provided by law, the Secured Party will, subject to the provisions of the PPSA and the *Civil Code of Quebec*, as applicable, have the rights and remedies set out below, all of which rights and remedies will be enforceable successively, concurrently or both against such Debtor(s):

(a) the Secured Party may by appointment in writing appoint any number of receivers or receivers and managers (each herein referred to as a "Receiver") of the Collateral (which term when used in this Section 6.01 will include the whole or any part of the Collateral) and may remove or replace any Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of any number of Receivers of the Collateral; and the term "Secured Party" when used in this Section 6.01 will include any Receiver(s) so appointed and the agents, officers and employees of such Receiver(s); and the Secured Party will not be in any way responsible for any misconduct or negligence of any such Receiver(s);

(b) the Secured Party may take possession of the Collateral and require any such Debtor(s) to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;

(c) the Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral;

(d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of any such Debtor(s);

(e) the Secured Party may enforce any rights of any such Debtor(s) in respect of the Collateral by any manner permitted by law;

(f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to any such Debtor(s) unless required by law;

(g) the Secured Party may accept the Collateral in satisfaction of the Obligations of such Debtor(s) upon notice to such Debtor(s) of its intention to do so in the manner required by law;

(h) the Secured Party may, for any purpose specified herein, borrow money on the security of the Collateral in priority to the security interest, assignment and mortgage and charge granted by this Agreement;

(i) the Secured Party may enter upon, occupy and use all or any of the premises, buildings and plant occupied by such Debtor(s) and use all or any of the Equipment and other personal or movable property of such Debtor(s) for such time as the Secured Party requires to facilitate the realization of the Collateral, free of charge, and the Secured Party will not be liable to such Debtor(s) for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

(j) the Secured Party may charge on its own behalf and pay to others all reasonable amounts for expenses incurred and for services rendered in connection with the exercise of the rights and remedies of the Secured Party hereunder, including, without limiting the generality of the foregoing, reasonable legal, Receiver and accounting fees and expenses, and in every such case the amounts so paid together with all costs, charges and expenses incurred in connection therewith, including interest thereon at such rate as the Secured Party deems reasonable, will be added to and form part of the Obligations hereby secured; and

(k) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, hypothec, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith will be added to the Obligations hereby secured.

(2) The Secured Party may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with any Debtor, debtors of any Debtor, sureties and others and with the Collateral and other security as the Secured Party sees fit without prejudice to the liability of any Debtor to the Secured Party or the Secured Party's rights hereunder.

(3) The Secured Party will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Party, any Debtor or any other person, in respect of the Collateral.

(4) The Secured Party may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and, subject to the provisions of the PPSA and the *Civil Code of Quebec*, as applicable,

the Secured Party may apply any balance of such proceeds to payment of the Obligations in such order as the Secured Party sees fit. If there is any surplus remaining, the Secured Party may pay it to any person having a claim thereto in priority to the applicable Debtor(s) of whom the Secured Party has knowledge and any balance remaining must be paid to the applicable Debtor(s). If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid expenses, each applicable Debtor will be liable, subject to the provisions of the PPSA and the *Civil Code of Quebec*, as applicable, to pay any deficiency to the Secured Party forthwith on demand.

ARTICLE 7 -GENERAL

7.01 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

7.02 Additional Debtors

Any corporation that is a subsidiary of the Borrower may become a Debtor hereunder and a party hereto by (i) executing a supplement to this Agreement with the Secured Party and (ii) becoming a Guarantor (as such term is defined in the Guarantee) under the Guarantee by complying with the requirements set out in Section 6.01 of the Guarantee.

7.03 Entire Agreement

This Agreement has been entered into pursuant to the provisions of the Credit Agreement and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement, the rights and obligations of the parties will be governed by the provisions of the Credit Agreement. This Agreement cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and any Debtor with respect to the subject matter hereof except as expressly set forth herein or in the Credit Agreement.

7.04 Amendments and Waivers

This Agreement shall be construed as a separate agreement with respect to each Debtor and may be amended, modified, supplemented, waived or released with respect to any Debtor without the approval of any other Debtor and without affecting the obligations of any other Debtor hereunder. The obligations of each Debtor hereunder shall be absolute, unconditional and irrevocable irrespective of any lack of validity, legality or enforceability of this Agreement as against any Debtor or other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any other Debtor. No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Secured Party and any Debtor to whom the amendment applies. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

7.05 **Assignment**

The rights of the Secured Party under this Agreement may be assigned by the Secured Party without the prior consent of any Debtor. No Debtor may assign its obligations under this Agreement, except with the prior written consent of the Secured Party.

7.06 **Severability**

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

7.07 **Notices**

Any notice or communication to be given under this Agreement may be effectively given by delivering (whether by courier or personal delivery) the same at the addresses set out on Schedule A of this Agreement in the manner set out in the Credit Agreement. Any facsimile notice will be deemed to have been received on transmission (and receipt of confirmation of transmission) if sent by any party to this Agreement before 5:00 p.m. New Brunswick time on a Business Day (as such term is defined in the Credit Agreement) and, if not, on the next Business Day following transmission. Any party may from time to time notify the other parties, in accordance with the provisions of this Section, of any change of its address or facsimile number which after such notification, until changed by like notice, will be the address or facsimile number, as the case may be, of such party for all purpose of this Agreement.

7.08 **Additional Continuing Security**

This Agreement and the security interest, hypothec, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Secured Party, notwithstanding the payment from time to time, in whole or in part, of the Obligations.

7.09 **Further Assurances**

Each Debtor must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by the Secured Party for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained. Without limiting the generality of the foregoing, upon attachment of the security interest hereunder in respect of the Construction Shares pursuant to Section 2.03(2), all certificates, instruments or other documents representing the Construction Shares must be endorsed for transfer or accompanied by powers of attorney, all as satisfactory to the Secured Party, and must be delivered immediately to the Secured Party or its nominee. Such certificates, instruments or other documents may, subject to the provisions of the Credit Agreement and at the option of the Secured Party, at any time be registered in the name of the Secured Party or its nominee.

7.10 **Power of Attorney**

Upon the occurrence of an Event of Default by any Debtor(s) that is continuing, each such Debtor hereby irrevocably constitutes and appoints any officer for the time being of the Secured Party the true and lawful attorney of such Debtor, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of such Debtor whenever and wherever the officer may deem necessary or expedient and from time to time to exercise all rights and powers and to perform all acts of ownership in respect to the Collateral in accordance with this Agreement.

7.11 **Discharge**

No Debtor will be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

7.12 **Governing Law**

This Agreement will be governed by and construed in accordance with the laws of the Province of New Brunswick and the laws of Canada applicable therein.

7.13 **Executed Copy**

Each Debtor acknowledges receipt of a fully executed copy of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement, effective the date first above written.

DEBTORS:

ATCON HOLDINGS INC.

Per: ______________________________
Robert W. Tozer
President

ATCON GROUP INC.

Per: ______________________________
Robert W. Tozer
President

ATCON PLYWOOD INC.

Per: ______________________________
Robert W. Tozer
President

ATCON CONSTRUCTION INC.

Per: ______________________
Robert W. Tozer
President

ENVIREM TECHNOLOGIES INC.

Per: ______________________
Robert W. Tozer
President

ARVIN MACHINE WORKS INC.

Per: ______________________
Robert W. Tozer
President

TRAC INDUSTRIES LTD.

Per: ______________________
Robert W. Tozer
President

ATCON VENEER PRODUCTS INC.

Per: ______________________
Robert W. Tozer
President

ATCON MANAGEMENT SERVICES INC.

Per: ______________________

Robert W. Tozer
President

ATCON CIVIL LTD.

Per: ______________________

Robert W. Tozer
President

ASPEN ENVIRONMENTAL INC.

Per: ______________________

Robert W. Tozer
President

ATCON PROPERTY HOLDINGS INC.

Per: ______________________

Robert W. Tozer
President

DYCON CONSTRUCTION LTD.

Per: ______________________

Robert W. Tozer
President

ATCON LOGISTICS INC.

Per: ______________________________
Robert W. Tozer
President

SECURED PARTY:

MG STRATUM FUND III, LIMITED PARTNERSHIP, by its General Partner, McKENNA GALE MANAGEMENT III LTD.

Per: ______________________________
Gary Wade
Managing Director

Per: ______________________________
Jeff Sujitno
Principal

ATCON LOGISTICS INC.

Per: ______________________________

Robert W. Tozer
President

SECURED PARTY:

MG STRATUM FUND III, LIMITED PARTNERSHIP, by its General Partner, McKENNA GALE MANAGEMENT III LTD.

Per: ______________________________

Gary Wade
Managing Director

Per: ______________________________

Jeff Sujitno
Principal

SCHEDULE A

ADDRESS OF DEBTORS

Location of Head Office, Registered Office and Chief Executive Office and location of Business Records for each Debtor:

c/o Atcon Group
626 Newcastle Blvd.
Miramichi, New Brunswick
E1V 2L3