COURT FILE NUMBER	QB No _____ of 2014
COURT	QUEEN'S BENCH FOR SASKATCHEWAN IN BANKRUPTCY
JUDICIAL CENTRE	SASKATOON
APPLICANT	BUSINESS DEVELOPMENT BANK OF CANADA
RESPONDENT	ASSINIBOIA RUBBER RECYCLING INC.

AFFIDAVIT OF TRAVIS GU

I, Travis Gu, MBA, CMA, of the City of Vancouver, in the Province of British Columbia, MAKE OATH AND SAY:

1. I am employed by the Applicant, Business Development Bank of Canada ("**BDC**"), as Senior Manager, Special Accounts.

2. BDC has a lending relationship with the Respondent, Assiniboia Rubber Recycling Inc. ("**ARR**"). I have informed myself by reviewing the records maintained by BDC as they relate to the business accounts of ARR. On this basis, I have personal knowledge of the facts and matters herein deposed, except where stated to be on information and belief, and where so stated I do verily believe the same to be true.

3. I swear this affidavit in support of an application by BDC for an order appointing Ernst & Young Inc. ("**E&Y**") as receiver of all of the assets, undertakings and properties of ARR, including all proceeds thereof (collectively, the "**Property**").

I. NATURE of the BUSINESS OPERATIONS

4. ARR's business involves recycling used tires, processing the constituent elements, and manufacturing the same into new products for resale.

5. ARR was not itself responsible for collecting the scrap tires utilized in its business but instead had a Processor Agreement with the Saskatchewan Scrap Tire Corporation ("**SSTC**"). According to the information attached as **Exhibit "A,"** which information was retrieved from http://www.scraptire.sk.ca/Home-Page-Rotator/about-the-saskatchewan-scrap-tire-corporation.html, SSTC is a quasi-governmental body responsible for overseeing the collection and processing of scrap tires in Saskatchewan.

6. ARR's business was principally carried out at two locations:

(a) a tire recycling and crumb rubber manufacturing facility located at 631 Campbell Street, Assiniboia, Saskatchewan (the "**Plant**") which land is legally described as surface parcel No. 111021792, Lot 1B, Block 2, Plan No. 101079569, Extension 0. A copy of the title to the Plant is attached as **Exhibit "B"**; and

(b) a secondary facility located at 301 1st Avenue Northeast, Assiniboia, Saskatchewan where the products manufactured at the Plant are painted (the "**Painting Facility**"), which land is legally described as surface parcel No. 104499546, Block V, Plan No. 80MJ10113, Extension 0. A copy of the title to the Painting Facility is attached as **Exhibit "C."**

(the Plant and Painting Facility are hereafter sometimes referred to as the "**Facilities**")

II. ARR , PERMALIFE PRODUCTS CANADA INC. and TRANS CANADIAN RUBBER CORP.

A. ARR's Corporate History

7. ARR is incorporated under the laws of the Province of Saskatchewan with a registered office at 800 – 1801 Hamilton Street, Regina, Saskatchewan. A Corporate Registry Profile Report for ARR as of May 21, 2014 is attached as **Exhibit "D."**

8. ARR resulted from the amalgamation of the following two corporations:

(a) Assiniboia Rubber Recycling Inc. (which I shall refer to as "**ARR (pre-amalgamation)**" as necessary to avoid confusion); and

(b) Permalife Products Canada Inc. ("**Permalife**").

9. The amalgamation was effected on or about October 7, 2009. A copy of the Certificate of Amalgamation and a later Certificate of Amendment are attached, respectively, as **Exhibits "E"** and **"F."**

10. ARR (pre-amalgamation) was incorporated under the laws of the Province of Saskatchewan on June 29, 2006. Attached hereto and marked as **Exhibit "G"** is a copy of the Corporate Profile Report for ARR (pre-amalgamation) dated June 25, 2014.

11. Permalife was incorporated pursuant to the laws of the Province of Saskatchewan on January 10, 2007. Attached hereto and marked as **Exhibit "H"** to this my Affidavit is a copy of the Corporate Profile Report for Permalife dated May 21, 2014.

B. Trans Canadian Rubber Corp.

12. Trans Canadian Rubber Corp. ("**TCR**") is incorporated under the laws of the Province of Saskatchewan with a registered office at 800 – 1801 Hamilton Street, Regina, Saskatchewan. A Corporate Profile Report for TCR is attached as **Exhibit "I."**

III. THE INDEBTEDNESS and SUMMARY OF CREDIT FACILITIES

13. BDC initially entered into a lending relationship with ARR (pre-amalgamation), Permalife, and TCR.

14. Attached hereto and marked as **Exhibit "J"** is a copy of the Letter of Offer dated May 5, 2009 between BDC and ARR (pre-amalgamation), Permalife, and TCR as jointly liable co-borrowers. The purpose of the loan was, among other things, to provide financing to ARR (pre-amalgamation) to purchase shares in the outstanding capital stock of Permalife. At the time the Letter of Offer was executed, Permalife was the registered

owner of the Painting Facility, while ARR (pre-amalgamation) was the owner of the Plant.

15. The terms of the Letter of Offer were amended on two occasions prior to the amalgamation. Attached hereto and marked as **Exhibits "K"** and **"L,"** respectively, are copies of the amending agreements dated September 9, 2009 and September 29, 2009.

16. The terms of the Letter of Offer were also amended from time to time following the amalgamation. One of the amendments included the removal of Permalife as a jointly liable co-borrower given the amalgamation. Attached hereto and marked collectively as **Exhibit "M"** are copies of the various amending agreements that were executed from time to time following the amalgamation (the Letter of Offer and amending agreements executed both before and after the amalgamation are hereafter referred to collectively as the "**Credit Agreement**").

17. As of July 3, 2014, the outstanding indebtedness owed by ARR and TCR to BDC under the Credit Agreement was $1,780,455.62 plus interest thereon at the interest rate prescribed by the Credit Agreement (the "**Indebtedness**").

18. The particulars of the balances outstanding under the credit facilities that were advanced pursuant to the Credit Agreement are as follows:

(a) Loan No. 1, which, as of July 3, 2014, had an outstanding balance of $1,455,293.69 plus interest accruing thereafter at the rate of $327.71 per day; and

(b) Loan No. 3, which, as of July 3, 2014, had an outstanding balance of $292,808.13 plus interest accruing thereafter at the rate of $67.99 per day.

IV. THE SECURITY

19. ARR's obligations to BDC under the Credit Agreement are secured by:

(a) a General Security Agreement dated July 17, 2009 granting BDC a security interest in all of ARR's present and after-acquired property, as well as eight items of ARR's serial-numbered personal property (the "**GSA**"), a copy of which is attached as **Exhibit "N"**;

(b) two mortgages:

(i) a collateral mortgage dated July 17, 2009 granted by ARR in favour of BDC in the amount of $1.8 million and covering the Plant, a copy of which is attached as **Exhibit "O"**; and

(ii) a collateral mortgage dated July 17, 2009 granted by PermaLife in favour of BDC in the amount of $100,000.00 and covering the Painting Facility, a copy of which is attached as **Exhibit "P**."

(collectively, the "**Mortgages**")

(the GSA and Mortgages are hereafter sometimes referred to collectively as the "**Security**")

20. No additional security was obtained from TCR as it is a holding company with no assets other than the shares in ARR referenced in paragraph 40 below.

V. PRIORITY POSITION OF BDC

A. Personal Property Security

21. Attached as **Exhibit "Q"** are search results from the Saskatchewan Personal Property Registry (the "**PPR**") for ARR dated May 21, 2014, which disclose the following:

(a) the Toronto-Dominion Bank has a first-in-time security interest that was registered on January 6, 2009 and assigned Registration No. 300413228 affecting collateral described therein as "FOREIGN EXCHANGE MASTER AGREEMENTS AND ASSIGNMENT OF CREDIT BALANCES" (the "**TD Security**");

(b) BDC's GSA was registered on July 16, 2009 and assigned Registration No. 300482598 such that BDC is the second-in-time registrant of a security interest affecting ARR's personal property;

(c) TD registered another security interest on September 1, 2009, which was assigned Registry No. 300499741 affecting eight items of ARR's serial-numbered personal property, as well as "all of [ARR's] present and after-acquired property";

(d) South Central Community Futures Development Corporation registered a security interest (specifically claiming a purchase money security interest) on April 20, 2010, which was assigned Registration No. 300575278 and affects two items of ARR's serial-numbered personal property;

(e) De Lage Landen Financial Services Canada registered a security interest on October 1, 2012, which was assigned Registration No. 300932971 and affects one item of ARR's serial-numbered personal property;

(f) the Ministry of Economy registered a security interest on January 30, 2013, which was assigned Registration No. 300980590 and affects "all [of ARR's] present and after-acquired personal property and the proceeds thereof: shred tech knives machine"; and

(g) Les Brookton Inc. registered a security interest on April 12, 2013, which was assigned Registration No. 301008978 and affects "all [of ARR's] rubber inventory."

22. As between TD and BDC, priority has been determined by a Priority Agreement dated August 10, 2009, a copy of which is attached as **Exhibit "R."** As detailed therein, BDC's security interest in ARR's present and after acquired property has priority to the TD Security, except with respect to ARR's "Inventory" and "Accounts Receivable," both of which are defined terms.

23. In addition, BDC's claim to a first-ranking security interest in the remaining present and after acquired property of ARR may also be subject to the claims of those other secured parties that appear to be asserting a purchase money security interest in certain serial numbered goods and/or equipment provided that those secured parties can establish the validity of their claims to a purchase money security interest in the serial numbered goods and/or equipment that they have registered against.

24. Only the South Central Community Futures Development Corporation's registration identified above specifically purports to be a purchase money security interest. It is unknown at this time whether the registrations effected by the South Central Community Futures Development Corporation and the other parties are in fact purchase money or non-purchase money security interests. As will be discussed further below, BDC is therefore of the view that the creation of an orderly claims process has the potential to reduce the overall costs of realization and maximize the recovery for all stakeholders.

B. Real Property Security

25. As disclosed by the copies of the titles to the Plant and Painting Facility that are attached as Exhibits "B" and "C," respectively, the Mortgages are registered as first charges. Specifically, the mortgage in respect of:

(a) the Plant was registered on or about August 12, 2009; and

(b) the Painting Facility was registered on or about September 22, 2009.

VI. DEFAULTS

26. ARR and/or TCR have committed the following acts of default that are currently within the knowledge of BDC:

(a) failing to make the scheduled payments in relation to the Indebtedness or promptly pay and satisfy the same upon demand, which is an Event of Default under ss. 14.1(a) and (c) of the GSA, and ss. 15(a) of the Mortgages;

(b) failing to report with respect to its finances in a timely manner (or at all) since in or about December of 2012, which is a breach of the Credit Agreement;

(c) threatening to close the business, and in fact ceasing to carry on business in the ordinary course, which is an Event of Default under ss. 14.1 (f) of the GSA, and ss. 15(c) of the Mortgages;

(d) failing to provide updated and/or current proof that the collateral is properly and sufficiently insured, which is a breach of s. 8 of the GSA, and s. 12 of the Mortgages; and

(e) abandoning possession of the Plant, contrary to covenant 9(a) of the Mortgages, which is an Event of Default under ss. 15(a) of the Mortgages.

VII. DEMAND upon ARR and TCR

27. On or about May 16, 2014, BDC served demand letters on ARR and TCR, which letters further enclosed Form 86 Notices of Intention to Enforce Security pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*.

28. Copies of the demand letters and enclosed notices bearing the postmaster's receipt stamp are attached collectively as **Exhibit "S."**

VIII. BASIS FOR THIS APPLICATION

29. BDC is seeking the appointment of a receiver for the reasons set forth below.

A. The Security Contemplates the Appointment of a Receiver

30. ARR has committed numerous acts of default under the Credit Agreement, GSA, and Mortgages, which, pursuant to ss. 15.1 and 15.2 of the GSA and 17.1 and 17.2 of the Mortgages, entitles BDC to have a receiver appointed.

B. The Security is at Risk

31. ARR has ceased its business operations and effectively abandoned the Plant, inventory, and remaining scrap tires. There are a number of scrap tires that remain sitting in the yard site at the Plant unattended. BDC has not yet confirmed whether the Painting Facility has been abandoned as well.

32. In abandoning its operations at the Plant, ARR has not only placed the collateral at risk of loss from vandalism or other external factors, but has also created potential environmental and safety concerns given the well-known hazards posed by large collections of scrap tires.

C. Potential Environmental Damage and Liability

33. The information contained in Exhibit "A," which was marked above and retrieved from the SSTC website, sets forth a concise summary of the potential environmental and safety concerns posed by old tires.

34. Given the nature of ARR's business, the environmental impact of the Plant's operations was identified as an issue by BDC prior to lending. For example, one of the conditions precedent for BDC having any obligation to make any advance under the Credit Agreement was that ARR would confirm compliance with the remedial work recommended in the following Environmental Site Assessments (collectively, the "**Environmental Assessments**") in respect of the Plant:

(a) Phase II Environmental Site Assessment dated November 14, 2008, a copy of the Executive Summary from which is attached as **Exhibit "T"**;

(b) Phase III Environmental Site Assessment dated February 26, 2009, a copy of the Executive Summary from which is attached as **Exhibit "U"**; and

(c) Supplemental Phase III Environmental Site Assessment dated January 13, 2010, a copy of the Executive Summary from which is attached as **Exhibit "V."**

35. BDC is not aware of any specific environmental issues at this time; however, given the previous issues and the amount of time that has elapsed since these Environmental Assessments were conducted, BDC remains concerned about the potential environmental impact and safety concerns associated with ARR's inventory of unprocessed tires and operations conducted since the last environmental assessment was completed.

D. **Orderly Claims Process**

36. As indicated above, BDC is currently unaware whether the various security interests registered by parties other than TD are valid and, if so, whether those parties hold purchase money security interests (as opposed to non-purchase money security interests that would be subordinate to BDC's GSA) in the certain items of serial numbered goods or equipment that they have effected registrations against. Further, even if those secured parties do hold valid purchase money security interests, it is unknown whether there is equity in those certain items of property over and above the amounts secured that would be available for the benefit of BDC, TD, or other stakeholders.

37. Not only would a receiver review the security interests claimed by each secured party to determine their nature and validity, the receiver could implement an orderly claims process through which the competing security interests and supporting documentation could be vetted and dealt with accordingly.

38. An organized claims process has the potential to reduce the overall costs of realization while maximizing the return for all stakeholders when contrasted with a piecemeal realization by each secured creditor of its respective collateral. Further, if there are valid purchase money security interests, a receiver could also determine whether or not there is any equity available in the subject collateral that may be accessed for the benefit of other secured parties and stakeholders over and above the amount secured.

E. **Preferential Corporate Dealings**

39. As disclosed by the collective information retrieved from the Corporate Registry and that has been previously exhibited to my Affidavit:

(a) both Ted Hillstead ("**Hillstead**") and Marc Topola ("**Topola**") are shareholders, officers, and directors of ARR and TCR. Prior to the amalgamation, Marc Topola was also a director of PermaLife;

(b) TCR holds 90% of the outstanding Class "CV-1" common voting shares (the "**CV-1 Shares**") in the capital stock of ARR, thereby entitling TRC to, among other things, 90% of the votes at all meetings of the shareholders of ARR. The remaining 10% of the CV-1 Shares are split between Topola and Casey Topola. Except as required by *The Business Corporations Act*, RSS 1978, c. B-10, the CV-1 Shares are the only class of ARR shares that have voting rights;

(c) ARR amended its share structure on or about March 21, 2013 to, among other things, include the following additional classes of shares

   (i) Class P-2 Preferred Shares (the "**P-2 Shares**"), the holders of which are, subject to the rights of the holders of Class P-3 and P-4 Preferred Shares, entitled to receive a cumulative preferred dividend in the amount of $0.18 per share from and after January 1, 2011;

   (ii) Class P-3 Preferred Shares (the "**P-3 Shares**"), which shares can be redeemed at any time by ARR for the redemption price equal to the amount of the cash proceeds held by AAR in certain designated brokerage accounts; and

   (iii) Class P-4 Preferred Shares (the "**P-4 Shares**"), the holders of which are entitled to receive an annual dividend in the amount of $180,000.00 payable monthly in priority to the payment of dividends on any other classes of shares.

(d) TCR holds 2,325,000.00 of the 3,119,000.00 issued P-2 Shares, as well as 100% of the issued P-3 Shares; and

(e) Hillstead's sole shareholdings in ARR consist of 60,000.00 of the issued P4 Shares (the remaining P4 shares are owned by Randy Connors, president of Mill River Holdings, which is a shareholder of TCR and guarantor of the Indebtedness) while Topola, in addition to his 5.00 CV1 Shares, owns 275,000.00 of the 3,119,000.00 issued P-2 Shares.

40. BDC was not given prior notice of the corporate changes referenced in paragraph 40 and they only came to my attention as a consequence of the searches that were undertaken as part of the preparation for the application for the appointment of the Receiver.

41. I make this Affidavit in support of the application for the appointment of Ernst & Young Inc. as Receiver of ARR.

SWORN (OR AFFIRMED) BEFORE ME
at, Vancouver, British Columbia this 7th
day of July, 2014.

Notary Public
for British Columbia
My appointment expires N/A
Or Being a Solicitor

VIVIAN W. MCCORMICK
BARRISTER, SOLICITOR & NOTARY PUBLIC
PO BOX 6, STE 200, 505 BURRARD ST.
VANCOUVER, BC V7X 1M3

TRAVIS GU

CONTACT INFORMATION AND ADDRESS FOR SERVICE

If prepared by a lawyer for the party:

Name of firm:	McDougall Gauley LLP
Name of lawyer in charge of file:	Ian A. Sutherland
Address of legal firm:	701 Broadway Avenue SASKATOON, SK. S7N 1B3
Telephone number:	(306) 665-5417
Fax Number:	(306) 652-1323
Email:	isutherland@mcdougallgauley.com
File No.	502544.42

THIS IS EXHIBIT A REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

RETAILER LIBRARY CONTACT

About the Saskatchewan Scrap Tire Corporation

Saskatchewan generates over a million scrap tires every year, creating a huge environmental challenge.

Saskatchewan generates one million scrap tires annually of passenger car tire equivalents (PTE). Prior to the SSTC program, almost all of these tires ended up in our local landfills as domestic waste. Tires were stockpiled, buried or burned. Tire dumping is [illegible] disposal option and many tires were found [illegible] ditches.

Imagine the damage caused by continually dumping millions of environmentally harmful products into our landfills each year.

On the heels of the most famous tire fire in Hagersville, Ontario in 1990 (fourteen million tires caught fire and drove 4,000 people from their homes), the Saskatchewan retail tire industry recognized that scrap tires were an environmental concern and were willing to take on [illegible] waste issues without social funding and without legislation. With the support of the tire industry and the notion that an industry led program was preferred to a legislated [illegible] representatives from SARM, SUMA and Western Canadian Tire Dealers Association approached the Ministry of Environment with the concept of a voluntary, industry-led tire recycling program.

Fortunately there is an alternative. The Saskatchewan Scrap Tire Corporation (SSTC) delivers a province wide tire recycling program.

The SSTC stewardship program is comprised of three phases:

Phase I - [illegible] Tires: [illegible] at the retailer [illegible] by SSTC collectors [illegible] disposal in landfills. This is done at no cost to the tire retailer.

Phase II - Landfill Clean-Up: Removal of pre-program tires from [illegible] municipalities [illegible] villages that pass a bylaw prohibiting the disposal of scrap tires in their community landfills. [illegible] revenues from the program.

Phase III - [illegible]

Since 1996, we've been diverting millions of used tired from our waste stream and recycling them into useful, marketable items.

[illegible] million whole tires have been [illegible]

Consumers make this all possible by paying a small recycling fee when they buy new tires. Thanks to your support, we've built one of the most successful tire recycling programs in Canada.

The program relies on a "user-pay" principle funded by a tire recycling fee (TRF) charged on the purchase of new tires.

Consumers pay a fee that provides for responsible disposal of the tire when it reaches the end of its useful life. The fee (established by the SSTC) is collected by the retailer at point of sale of new tires. The retailer reports the funds to the SSTC.

In turn, the SSTC manages the public funds collected through the TRF and uses these funds to pay private companies to collect, process and recycle scrap tires. Surplus funds are used to keep current generation tires out of the waste stream and carry out the program's three phases.

SASKATCHEWAN SCRAP TIRE CORPORATION | 420 - 2220 12th Avenue, Regina, Saskatchewan S4P 0M8 | t: 306.721.8473 | f: 306.725.1585 | e: info@scraptire.sk.ca | Director's LOGIN

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF TRAVIS GII SWORN BEFORE ME AT THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA THIS 7th DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA MY APPOINTMENT EXPIRES: N/A OR BEING A SOLICITOR

rovince of Saskatchewan Land Titles Registry Title

Title #: 131213214
As of: 29 May 2014 08:54:21
Title Status: Active
Last Amendment Date: 18 Nov 2009 14:49:38.027
Parcel Type: Surface
Issued: 18 Sep 2006 08:23:34.547
Parcel Value: $555,000.00 CAD
Title Value: *$555,000.00 CAD*
Municipality: TOWN OF ASSINIBOIA
Converted Title: 00MJ04404 / 89MJ14568
Previous Title and/or Abstract #: 111376357

ASSINIBOIA RUBBER RECYCLING INC. is the registered owner of Surface Parcel #111021792

Reference Land Description: Lot IBBlk/Par 2Plan No 101079569 Extension 0

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000.*

Registered Interests:

Interest #: 134062837

CNV Easement

Value: N/A
Reg'd: 23 Jun 1961 00:11:50
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Expiry Date: N/A

as to ptn of NW
Holder:
Saskatchewan Power Corporation
N/A, Saskatchewan, Canada
Client #: 101249456
Int. Register #: 100154269
Converted Instrument #: 61MJ07101

Interest #: 134062848

CNV Easement

Value:
Reg'd:
Interest Register Amendment Date:
Interest Assignment

Date: N/A
Expiry Date: N/A

as to ptn. of NW - Plan 62MJ09883

Holder:
TRANSGAS LIMITED
700 - 1777 Victoria Ave
Regina, SK, Canada S4P 4K5
Client #: 105200985
Int. Register #: 100154270
Converted Instrument #: 62MJ12216
Feature #: 100014477

Interest #: 134062826

CNV Easement

Value: N/A
Reg'd: 27 Dec 2000 00:25:01
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Expiry Date: N/A

As to Ptn

Holder:
SaskPower
N/A, Saskatchewan, Canada
Client #: 100914500
Int. Register #: 100017009
Converted Instrument #: 00MJ15315

Interest #: 148339671

Mortgage

Value: $1,800,000.00 CAD
Reg'd: 12 Aug 2009 10:13:46
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Expiry Date: N/A

Holder:
Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Canada V7X 1M3
Client #: 104272769
Int. Register #: 115703535

Addresses for Service:

Name	Address
Owner: ASSINIBOIA RUBBER RECYCLING INC	206 HILL AVENUE WEYBURN, SK, Canada S4H 1M5

Client #: 124063657

Notes:

Parcel Class Code: Parcel (Generic)

Back

THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF TRAVIS GU SWORN BEFORE ME AT THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA THIS 7th DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Province of Saskatchewan Land Titles Registry Title

Title #: 133192953
Title Status: Active
Parcel Type: Surface
Parcel Value: $50,000.00 CAD
Title Value: *$50,000.00 CAD*
Converted Title: 81MJ10113
Previous Title and/or Abstract #: 123477745

As of: 29 May 2014 08:54:43
Last Amendment Date: 22 Sep 2009 08:39:20.493
Issued: 23 May 2007 16:56:50.217
Municipality: TOWN OF ASSINIBOIA

ASSINIBOIA RUBBER RECYCLING INC. is the registered owner of Surface Parcel #104499546

Reference Land Description: Blk/Par VPlan No 80MJ05311 Extension 0
As described on Certificate of Title 81MJ10113.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
148888939 Mortgage

Value: $100,000.00 CAD
Reg'd: 22 Sep 2009 08:39:20
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Expiry Date: N/A

Holder:
Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Ca
Client #: 104272769
Int. Register #: 115822492

Addresses for Service:

Name	Address
Owner:	

Notes:

Parcel Class Code: Parcel (Generic)

Back

THIS IS EXHIBIT D" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Information Services Corporation OF SASKATCHEWAN

Saskatchewan

Corporate Registry

Profile Report

Entity No: 101152009
Entity Name: ASSINIBOIA RUBBER RECYCLING INC.

As of: 21-May-2014

Entity Name: ASSINIBOIA RUBBER RECYCLING INC.
Entity Number: 101152009
Status as of Profile date: Active

Entity Type: BUSINESS CORPORATION
Entity Sub Type: SASKATCHEWAN CORPORATION

Incorporation Date. 07-Oct-2009
Home Jurisdiction SASKATCHEWAN
Annual Return/Renewal Date: 30-Nov-2014

Nature of Business: HOLDING CO

Registered Office:
Name: ASSINIBOIA RUBBER RECYCLING INC.
Address: 800-1801 HAMILTON STREET
City/Province: REGINA, SK
Country/Postal Code: CANADA, S4P4B4
Attention: MCKERCHER LLP

Mailing Address:
Name: ASSINIBOIA RUBBER RECYCLING INC.
Address: 206 HILL AVENUE
City/Province: WEYBURN, SK
Country/Postal Code: CANADA S4H1M5

Allowable Number of Directors: Min: 1 Max: 10

Director/Officer /Shareholder Information:
Dir Became 07-Oct-2009
Name: HILLSTEAD, TED — Direct r — YES
PRESIDENT
WEYBURN SK — YES

Resident Canadian: YES

		Shares Held:	60000.00

Director/Officer /Shareholder Information:

Dir Became:	07-Oct-2009		
Name:	TOPOLA, MARC	Director:	YES
Address:	BOX 1210	Officer Position:	SECRETARY
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
Resident Canadian:	YES		
		Class Name:	CV1 COM
		Shares Held:	5.00
		Class Name:	P2 PRE
		Shares Held:	275000.00

Director/Officer /Shareholder Information:

Name:	CONNORS, RANDY	Director:	NO
Address:	995 WEDGE DRIVE		
City/Province:	NAPLES, FL	Shareholder:	YES
Country/Postal Code:	UNITED STATES, 34103		
		Class Name:	P4 PRE
		Shares Held:	120000.00

Director/Officer /Shareholder Information:

Name:	TOPOLA, CASEY	Director:	NO
Address:	BOX 1210		
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
		Class Name:	CV1 COM
		Shares Held:	5.00

Director/Officer/Shareholder Information:

Name:	BETTER HALF BLOODSTOCK, INC.	Director:	NO
Address:	C/O 500, 2220 - 12TH AVENUE		
City/Province:	REGINA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4P0M8		
		Class Name:	P2 PRE
		Shares Held:	519000.00

Director/Officer/Shareholder Information:

Name:	TRANS CANADIAN RUBBER CORP.	Director:	NO
Address:	115 SECOND STREET		
City/Province:	WEYBURN, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4H0T7		
		Class Name:	CV1 COM
		Shares Held:	90.00

Class Name:	P2 PRE
Shares Held:	2325000.00

Class Name:	P3 PRE
Shares Held:	100.00

Share Structure:

Class	Voting Rights	Authorized Number	Issued Number
CV1 COM	YES	UNLIMITED	100.00
CV2 COM	YES	UNLIMITED	00.00
CV3 COM	YES	UNLIMITED	00.00
NV1 COM	NO	UNLIMITED	00.00
NV2 COM	NO	UNLIMITED	00.00
NV3 COM	NO	UNLIMITED	00.00
NV4 COM	NO	UNLIMITED	00.00
NV5 COM	NO	UNLIMITED	00.00
NV6 COM	NO	UNLIMITED	00.00
NV7 COM	NO	UNLIMITED	00.00
P2 PRE	NO	3119000.00	3119000.00
P3 PRE	NO	100.00	100.00
P4 PRE	NO	180000.00	180000.00
Total Number of Shares issued:			**3299200.00**

General Information:

Licensed with Consumer Protection Branch: NO

Business Names Owned by the Corporation:

Entity No:	101152011
Entity Name:	PERMALIFE PRODUCTS CANADA
Entity Sub Type:	SOLE PROPRIETORSHIP

Corporations involved to form Amalgamation:

Entity No:	101087299
Entity Name:	ASSINIBOIA RUBBER RECYCLING INC.
Entity No:	101096771
Entity Name:	PERMALIFE PRODUCTS (CANADA) INC.

Event History:

Event	Date
AMALGAMATION	07-Oct-2009
NOTICE OF REGISTERED OFFICE (Filed on the Web)	26-Oct-2009
CHANGE SHAREHOLDERS (Filed on the Web)	13-Jan-2010
ERROR CORRECTION	13-Jan-2010
ANNUAL RETURN (Filed on the Web)	27-Nov-2010

ANNUAL RETURN (Filed on the Web)	30-Nov-2011
ANNUAL RETURN (Filed on the Web)	30-Nov-2012
NOTICE OF DIRECTORS (Filed on the Web)	14-Dec-2012
CHANGE SHAREHOLDERS (Filed on the Web)	14-Dec-2012
AMENDMENT	21-Mar-2013
CHANGE SHAREHOLDERS (Filed on the Web)	07-May-2013
ERROR CORRECTION	07-May-2013
ANNUAL RETURN (Filed on the Web)	27-Nov-2013
NOTICE OF REGISTERED OFFICE (Filed on the Web)	06-Mar-2014

THIS IS EXHIBIT "E" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Saskatchewan
Justice

Corporations

101152009
Entity Number

Certificate of Amalgamation

THE BUSINESS CORPORATIONS ACT

I certify that

ASSINIBOIA RUBBER RECYCLING INC.

results this day from an amalgamation, in accordance with the attached Articles, of the following corporations:

ASSINIBOIA RUBBER RECYCLING INC.
PERMALIFE PRODUCTS (CANADA) INC.

Given under my hand and seal

this 7th day of October, 2009

OFFICE OF THE DIRECTOR OF CORPORATIONS
GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN CANADA

Director of Corporations

Saskatchewan
Justice

Corporations
Branch

Articles of Amalgamation

Form 9

The Business Corporations Act
(Section 179)

PROVINCE OF SASKATCHEWAN
REGISTERED
OCT 07 2009
CORPORATIONS BRANCH

1. Name of amalgamated corporation:

   ASSINIBOIA RUBBER RECYCLING INC.

2. The classes and any maximum number of shares that the corporation is authorized to issue:

   The attached Schedule I is incorporated in this form.

3. Restrictions, if any, on share transfers:

   The attached Schedule II is incorporated in this form

4. Number (or minimum and maximum number) of directors:

   A minimum of one and a maximum of ten directors.

5. Restrictions, if any, on businesses the corporation may carry on or on powers the corporation may exercise:

   None

6. Other provisions, if any:

   The attached Schedule III is incorporated in this form.

7. ☐The amalgamation agreement has been approved by special resolutions of shareholders of each of the amalgamating corporations listed in item 9 below in accordance with Section 177 of the Act.

8. ☒The amalgamation has been approved by a resolution of the directors of each of the amalgamating corporations listed in item 9 below in accordance with Section 178 of the Act. The articles of amalgamation set out herein are the same as the articles of incorporation of: ASSINIBOIA RUBBER RECYCLING INC.

9	Name of Amalgamating Corporations	Signature	Office Held	Date
	Assiniboia Rubber Recycling Inc.	W Hildebrand	President	10/07/09
	Permalife Products (Canada) Inc.	W Hildebrand	President	10/07/09

205227424

SCHEDULE I

SECTION A

AUTHORIZED CAPITAL

The Corporation is authorized to issue an unlimited number of each of the following classes of common voting shares (collectively called the "CV Shares"), namely:

Class "CV-1" common voting shares (called "CV-1" shares);

Class "CV-2" common voting shares (called "CV-2" shares); and

Class "CV-3" common voting shares (called "CV-3" shares).

The Corporation is authorized to issue an unlimited number of each of the following classes of common non-voting shares (collectively called the "NV Shares"), namely:

Class "NV-1" common non-voting shares (called "NV-1" shares);

Class "NV-2" common non-voting shares (called "NV-2" shares);

Class "NV-3" common non-voting shares (called "NV-3" shares);

Class "NV-4" common non-voting shares (called "NV-4" shares);

Class "NV-5" common non-voting shares (called "NV-5" shares);

Class "NV-6" common non-voting shares (called "NV-6" shares); and

Class "NV-7" common non-voting shares (called "NV-7" shares).

The Corporation is authorized to issue an unlimited number of the following preferred shares (called the "Preferred Shares"), namely:

Class "P-1" preferred shares (called "P-1" shares).

SECTION B

COMMON VOTING SHARES

The CV Shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

Voting Rights

The registered holders of the CV Shares shall be entitled to receive notice of, to attend and to cast one vote per CV Share held at all meetings of shareholders of the Corporation except meetings at which only registered holders of some other specified class of shares are, at law or pursuant to the articles, entitled to vote.

Dividends

Subject to any prior rights of the registered holders of the Preferred Shares, the registered holders of the CV Shares shall have the right to receive such dividends, if any, as the board of directors of the Corporation (the "Board") in its discretion may declare.

Liquidation, Dissolution or Winding-up

Subject to any prior rights of the registered holders of the Preferred Shares, the registered holders of the CV Shares shall have the right to receive equally on a share-for-share basis with the registered holders of the NV Shares, the remaining assets of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

SECTION C

COMMON NON-VOTING SHARES

The NV Shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

Voting Rights

The registered holders of the NV Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting for any purpose.

Dividends

Subject to any prior rights of the registered holders of the Preferred Shares, the registered holders of the NV Shares shall have the right to receive such dividends, if any, as the Board in its discretion may declare.

Liquidation, Dissolution or Winding-up

Subject to any prior rights of the registered holders of the Preferred Shares, the registered holders of the NV Shares shall have the right to receive, equally on a share-for-share basis with the registered holders of the CV Shares, the remaining assets of the Corporation in the event of liquidation, dissolution, or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

SECTION D

P-1 SHARES

The P-1 shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

a) The Corporation is authorized to issue 100 Class P-1 Preferred Shares.
b) The registered holders of the Class P-1 Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting for any purpose.
c) The Class P-1 Shares shall not be subject to retraction or redemption.
d) The holders of the Class P-1 Shares shall be entitled to receive such dividends, if any, as the Board in its discretion may declare.
e) In the event of a winding-up of the Corporation, the holders of the Class P-1 Shares are entitled to be paid on a priority basis to any other holders of any classes of Shares any declared but unpaid dividends and are not otherwise entitled to share in any distribution of the assets of the Corporation.

SECTION E

PRIORITY OF DIFFERENT CLASSES OF SHARES

Dividends

The Board may, from time to time, declare dividends on any other particular class of shares of the Corporation to the exclusion of any or all other classes of shares of the Corporation, as the Board in its absolute discretion deems appropriate. However, the Board may not declare any dividends and the Corporation may not pay any declared dividends if there are reasonable grounds for believing that the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities, the redemption values of Preferred Shares and the stated capital of CV Shares and NV Shares.

Winding-Up

In the event of the winding-up of the Corporation, the priority of the shareholders to participate in the remaining assets of the Corporation shall be as follows:

1. The holders of the P-1 shares shall receive payment, on a *pro rata* basis, for each P-1 share held by them, before any amount is distributed to the holders of CV Shares and NV Shares.

2. The holders of the CV Shares and NV Shares are entitled to receive equally, on a share-for-share basis, the then remaining assets of the Corporation.

SCHEDULE II

The shares of the Corporation are transferable only on approval of a majority of the Board expressed either by a resolution passed at a meeting of the Board or by an instrument or instruments in writing signed by a majority of the Board.

THIS IS EXHIBIT "F" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Information Services Corporation of Saskatchewan

101152009
Entity Number

Certificate of Amendment

THE BUSINESS CORPORATIONS ACT

I certify that

ASSINIBOIA RUBBER RECYCLING INC.

has amended its articles in accordance with the attached.

Given under my hand and seal

this 21st day of March, 2013

Director of Corporations

Information Services Corporation of Saskatchewan

Articles of Amendment
The Business Corporations Act

Form 4

1. Name of Corporation: ASSINIBOIA RUBBER RECYCLING INC.
   Entity No.: 101152089

PROVINCE OF SASKATCHEWAN
REGISTERED
MAR 21 2013
CORPORATE REGISTRY

2. **The articles of the corporation are amended as follows:**

☐ **Change the name to:**

☒ **Other:**

a) In Item No. 2 ("The classes and any maximum number of shares that the corporation is authorized to issue."):

In addition to the existing classes of shares, the Corporation is authorized to issue the additional classes of shares described in Schedule I attached to these Articles of Amendment.

3. Each amendment has been duly authorized pursuant to the requirements of the Act.

I, Patricia J. F. Warsaba, Q.C., being Solicitor and Agent of the Corporation, certify that the Articles of Amendment and any attachments are correct and that I have the authority to request these Articles be filed pursuant to *The Business Corporations Act*.

Date: March 21, 2013 Signature: ____________

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SCHEDULE I

SECTION A
ADDITIONAL CLASSES OF SHARES

In addition to the existing classes of shares, the Corporation is authorized to issue the following classes of shares:

a) Class P-2 Preferred Shares;
b) Class P-3 Preferred Shares; and
c) Class P-4 Preferred Shares.

The existing Class P-1 Shares shall be cancelled and no further Class P-1 Shares shall be authorized or issued by the Corporation.

SECTION B
CLASS P-2 PREFERRED SHARES

The Corporation is authorized to issue up to 3,119,000 Class P-2 Preferred Shares (called "Class P-2 Shares"), which shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

Voting Rights

Except as required by *The Business Corporations Act* (Saskatchewan) (the "Act"), the holders of the Class P-2 Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting for any purpose.

Dividends

Subject to any prior rights of the holders of the Class P-3 Preferred Shares, the holders of the Class P-2 Shares shall have the right to receive a cumulative preferred dividend in the amount of $0.18 per Class P-2 Share from and after January 1, 2011.

Redemption

The Corporation may at any time redeem the Class P-2 Shares by payment of the redemption price of $1.00 per Class P-2 Share (the "Redemption Price") together with all cumulative dividends outstanding on the Class P-2 Shares.

Winding-up of the Corporation

Subject to any prior rights of the holder of the Class P-3 Preferred Shares, the holders of the Class P-2 Shares shall have the right to be paid on a priority basis to any other holders of class of Shares the Redemption Price and all cumulative dividends of the Class P-2 Shares in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs. The holders of the Class P-2 Shares shall have not otherwise be entitled to share in any distribution of the assets of the Corporation.

SECTION C
CLASS P-3 PREFERRED SHARES

The Corporation shall issue a total of 100 Class P-3 Preferred Shares (the "Class P-3 Shares") to Trans Canadian Rubber Corp., which shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

Voting Rights

Except as required by the Act, the holder of the Class P-3 Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting for any purpose.

Dividends

The holder of the Class P-3 Shares is not entitled to any dividends, other than an amount equal to the payment of interest on the Brokerage Accounts as defined below.

Redemption

The Corporation may at any time redeem the Class P-3 Shares for the redemption price equal to the amount of the cash proceeds held by the Corporation in existing designated brokerage accounts of the Corporation (the "Brokerage Accounts").

Winding-up of the Corporation

The holder of the Class P-3 Shares shall have the right to receive the value of the Brokerage Accounts on a priority basis to any other holders of any class of Shares in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs. The holder of the Class P-3 Shares shall have not otherwise be entitled to share in any distribution of the assets of the Corporation.

SECTION C
CLASS P-4 PREFERRED SHARES

The Corporation shall issue a total of 180,000 Class P-4 Preferred Shares (the "Class P-4 Shares"), which shares shall carry and be subject to the following rights, privileges, restrictions and conditions:

Voting Rights

Except as required by the Act, the holder of the Class P-4 Shares shall not be entitled to receive notice of or attend any meeting of the shareholders of the Corporation or to vote at any such meeting for any purpose.

Dividends

The holders of the Class P-4 Shares shall be entitled to an annual dividend of $180,000.00 payable monthly in priority to the payment of dividends on any other classes of Shares.

Winding-up of the Corporation

The holder of the Class P-4 Shares shall have the right to receive any unpaid dividends on a priority basis to any other holders of any class of Shares in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding-up its affairs. The holder of the Class P-4 Shares shall have not otherwise be entitled to share in any distribution of the assets of the Corporation.

dma

THIS IS EXHIBIT "G" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Information Services Corporation
OF SASKATCHEWAN

Saskatchewan

Corporate Registry

Profile Report

Entity No: 101087299
Entity Name: ASSINIBOIA RUBBER RECYCLING INC.

As of: 25-Jun-2014

Entity Name: ASSINIBOIA RUBBER RECYCLING INC.
Entity Number: 101087299
Status as of Profile date: Inactive (amalgamated)

Entity Type: BUSINESS CORPORATION
Entity Sub Type: SASKATCHEWAN CORPORATION

Incorporation Date: 29-Jun-2006
Home Jurisdiction: SASKATCHEWAN
Annual Return/Renewal Date: 31-Jul-2010

Nature of Business: HOLDING COMPANY

Registered Office:
Name: ASSINIBOIA RUBBER RECYCLING INC.
Address: 500-2220 12TH AVENUE
City/Province: REGINA, SK
Country/Postal Code: CANADA, S4P3B2
Attention: PATRICIA J F. WARSABA

Mailing Address:
Name: ASSINIBOIA RUBBER RECYCLING INC
Address: 206 HILL AVENUE
City/Province: WEYBURN, SK
Country/Postal Code: CANADA, S4H1M5
Attention: TED HILLSTEAD

Allowable Number of Directors: Min: 1 Max: 10

Director/Officer /Shareholder Information:
Dir Became 29-Jun-2006
Name: HILLSTEAD, TED — Director: YES
Address 656 - 18TH STREET — Officer Position: PRESIDENT
City/Province WEYBURN, SK
Country/Postal Code CANADA, S4[illegible]
Resident Canadian YES

Director/Officer /Shareholder Information:

Dir Became:	29-Jun-2006		
Name:	TOPOLA, MARC	Director:	YES
Address:	BOX 1210	Officer Position:	SECRETARY
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
Resident Canadian:	YES		
		Class Name:	CV-1
		Shares Held:	5.00

Director/Officer /Shareholder Information:

Dir Became:	29-Jun-2006		
Name:	HIMBEAULT, ROBERT	Director:	YES
Address:	BOX 1012		
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
Resident Canadian:	YES		
		Class Name:	CV-1
		Shares Held:	5.00

Director/Officer/Shareholder Information:

Name:	SEDAMAR, INC.	Director:	NO
Address:	C/O 650, 1155 DAIRY ASHFORD ROAD		
City/Province:	HOUSTON, TX	Shareholder:	YES
Country/Postal Code:	UNITED STATES, 77079		
		Class Name:	P-1
		Shares Held:	100.00

Director/Officer/Shareholder Information:

Name:	TRANS CANADIAN RUBBER CORP.	Director:	NO
Address:	500, 2220 - 12TH AVENUE		
City/Province:	REGINA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4P0M8		
		Class Name:	CV-1
		Shares Held:	90.00

Share Structure:

Class	Voting Rights	Authorized Number	Issued Number
CV-1	YES	UNLIMITED	100.00
CV-2	YES	UNLIMITED	00.00
CV-3	YES	UNLIMITED	00.00
NV-1	NO	UNLIMITED	00.00
NV-2	NO	UNLIMITED	00.00
NV-3	NO	UNLIMITED	00.00

NV-4	NO	UNLIMITED	00.00
NV-5	NO	UNLIMITED	00.00
NV-6	NO	UNLIMITED	00.00
NV-7	NO	UNLIMITED	00.00
P-1	NO	100.00	100.00
Total Number of Shares issued:			**200.00**

General Information:
Licensed with Consumer Protection Branch: NO

Amalgamated into:

Entity No: 101152009
Entity Name: ASSINIBOIA RUBBER RECYCLING INC.

Event History:

Event	Date
INCORPORATION (Filed on the Web)	29-Jun-2006
NOTICE OF DIRECTORS	28-Jul-2006
ANNUAL RETURN (Filed on the Web)	31-Jul-2007
AMENDMENT	31-Dec-2007
ANNUAL RETURN (Filed on the Web)	31-Jul-2008
NOTICE OF REGISTERED OFFICE (Filed on the Web)	11-Feb-2009
ANNUAL RETURN (Filed on the Web)	30-Jul-2009
AMALGAMATED INTO ANOTHER CORP.	07-Oct-2009

THIS IS EXHIBIT "H" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Information Services Corporation OF SASKATCHEWAN

Saskatchewan

Corporate Registry

Profile Report

Entity No: 101096771
Entity Name: PERMALIFE PRODUCTS (CANADA) INC.

As of: 21-May-2014

Entity Name:	**PERMALIFE PRODUCTS (CANADA) INC.**
Name in Home Jurisdiction:	PERMALIFE PRODUCTS (CANADA) INC.
Entity Number:	**101096771**
Entity No in Home Jurisdiction:	101096771
Status as of Profile date	Inactive (amalgamated)
Entity Type:	BUSINESS CORPORATION
Entity Sub Type:	SASKATCHEWAN CORPORATION
Incorporation Date:	10-Jan-2007
Home Jurisdiction:	SASKATCHEWAN
Annual Return/Renewal Date	28-Feb-2010
Nature of Business:	TIRE RECYCLING, PROCESSING AND DISTRIBUTION

Registered Office:

Name:	PERMALIFE PRODUCTS (CANADA) INC.
Address.	500 2220 12TH AVE.
City/Province:	REGINA, SK
Country/Postal Code:	CANADA, S4P0M8

Mailing Address:

Name	PERMALIFE PRODUCTS (CANADA) INC.
Address	500 2220 12TH AVE
City/Province:	REGINA, SK
Country/Postal Code	CANADA, S4P0M8

Allowable Number of Directors:	Min: 1 Max: 10

Director/Officer /Shareholder Information.

Dir Became	02 [illegible] 2009	
Name	HILLSTEAD, TED	PRESIDENT
City/Province	WEYBURN, SK	
Country/Postal Code:	CANADA, S4H0N9	

Resident Canadian: YES

Director/Officer/Shareholder Information:

Name:	ASSINIBOIA RUBBER RECYCLING INC.	Director:	NO
Address:	500, 2220 - 12TH AVENUE		
City/Province:	REGINA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4P0M8		
		Class Name:	A COM
		Shares Held:	100.00

Share Structure:

Class	Voting Rights	Authorized Number	Issued Number
A COM	YES	UNLIMITED	100.00
B COM	YES	UNLIMITED	00.00
C COM	YES	UNLIMITED	00.00
D COM	NO	UNLIMITED	00.00
E COM	NO	UNLIMITED	00.00
F COM	NO	UNLIMITED	00.00
G PRE	NO	UNLIMITED	00.00
H PRE	NO	UNLIMITED	00.00
I PRE	NO	UNLIMITED	00.00
Total Number of Shares issued:			**100.00**

Power(s) of Attorney:

Name:	WARSABA, PATRICIA JF
Address:	500 2220 12TH AVE.
City/Province:	REGINA, SK
Country/Postal Code:	CANADA, S4P0M8

Power(s) of Attorney:

Name:	SWANSON, GREGORY A
Address:	500 2220 12TH AVE.
City/Province:	REGINA, SK
Country/Postal Code:	CANADA, S4P0M8

General Information:

Licensed with Consumer Protection Branch: NO

Amalgamated into:

Entity No:	101152009
Entity Name:	ASSINIBOIA RUBBER RECYCLING INC.

Event History:

Event	Date
REGISTRATION	18-Jan-2007

ANNUAL RETURN (Filed on the Web)	28-Feb-2008
ANNUAL RETURN (Filed on the Web)	26-Feb-2009
IMPORT CONTINUANCE - PREVIOUSLY REGISTERED HERE	29-Jul-2009
CHANGE SHAREHOLDERS (Filed on the Web)	05-Oct-2009
NOTICE OF DIRECTORS (Filed on the Web)	05-Oct-2009
AMALGAMATED INTO ANOTHER CORP.	07-Oct-2009

THIS IS EXHIBIT "I" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Information Services Corporation OF SASKATCHEWAN

Saskatchewan

Corporate Registry

Profile Report

Entity No: 101087835
Entity Name: TRANS CANADIAN RUBBER CORP.

As of: 21-May-2014

Entity Name:	TRANS CANADIAN RUBBER CORP.
Entity Number:	**101087835**
Status as of Profile date:	Active

Entity Type:	BUSINESS CORPORATION
Entity Sub Type:	SASKATCHEWAN CORPORATION

Incorporation Date:	17-Jul-2006
Home Jurisdiction:	SASKATCHEWAN
Annual Return/Renewal Date	31-Aug-2014

Nature of Business	HOLDING CORPORATION

Registered Office:

Name:	TRANS CANADIAN RUBBER CORP.
Address:	800-1801 HAMILTON STREET
City/Province:	REGINA, SK
Country/Postal Code:	CANADA, S4P4B4
Attention:	MCKERCHER LLP

Mailing Address:

Name:	TRANS CANADIAN RUBBER CORP.
Address:	206 HILL AVENUE
City/Province:	WEYBURN, SK
Country/Postal Code:	CANADA, S4H1M5

Allowable Number of Directors:	Min: 1 Max: **10**

Director/Officer /Shareholder Information:

Dir Became	17-Jul-2006		
Name:	HILLSTEAD RHONDA J.	Director	YES
Address:	656 18TH STREET	Officer Position	SECRETARY
City/Province.	WEYBURN, SK	Shareholder	YES
Country/Postal Code	CANADA, S4H0N9		
Resident Canadian	YES		

		Class Name:	A3 COM
		Shares Held:	23.00
		Class Name:	D2 PRE
		Shares Held:	23.00

Director/Officer /Shareholder Information:

Dir Became:	17-Jul-2006		
Name:	HILLSTEAD, TED	Director:	YES
Address:	656 18TH STREET	Officer Position:	PRESIDENT
City/Province:	WEYBURN, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4H0N9		
Resident Canadian:	YES		
		Class Name:	A2 COM
		Shares Held:	23.00
		Class Name:	D1 PRE
		Shares Held:	23.00

Director/Officer /Shareholder Information:

Dir Became:	17-Jul-2006		
Name:	TOPOLA, MARC	Director:	YES
Address:	BOX 1210		
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
Resident Canadian:	YES		
		Class Name:	A4 COM
		Shares Held:	3.00
		Class Name:	D4 PRE
		Shares Held:	5.00

Director/Officer /Shareholder Information:

Name:	TOPOLA, TERRIE	Director:	NO
Address:	BOX 1210		
City/Province:	ASSINIBOIA, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S0H0B0		
		Class Name:	A5 COM
		Shares Held:	2.00

Director/Officer/Shareholder Information:

Name:	AMBERLEY ASSOCIATES INC.	Director:	NO
Address:	C/O 115 - 2ND STREET		
City/Province:	WEYBURN, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4H1T7		
		Class Name:	D3 PRE
		Shares Held:	49.00

Director/Officer/Shareholder Information:

MILL RIVER HOLDING

Name:	CORPORATION	Director:	NO
Address:	206 HILL AVENUE		
City/Province:	WEYBURN, SK	Shareholder:	YES
Country/Postal Code:	CANADA, S4H1M5		
		Class Name:	A1 COM
		Shares Held:	49.00

Share Structure:

Class	Voting Rights	Authorized Number	Issued Number
A1 COM	YES	UNLIMITED	49.00
A2 COM	YES	UNLIMITED	23.00
A3 COM	YES	UNLIMITED	23.00
A4 COM	YES	UNLIMITED	3.00
A5 COM	YES	UNLIMITED	2.00
B1 COM	NO	UNLIMITED	00.00
B2 COM	NO	UNLIMITED	00.00
B3 COM	NO	UNLIMITED	00.00
B4 COM	NO	UNLIMITED	00.00
B5 COM	NO	UNLIMITED	00.00
C1 PRE	YES	UNLIMITED	00.00
C2 PRE	YES	UNLIMITED	00.00
C3 PRE	YES	UNLIMITED	00.00
C4 PRE	YES	UNLIMITED	00.00
C5 PRE	YES	UNLIMITED	00.00
D1 PRE	NO	UNLIMITED	23.00
D2 PRE	NO	UNLIMITED	23.00
D3 PRE	NO	UNLIMITED	49.00
D4 PRE	NO	UNLIMITED	5.00
D5 PRE	NO	UNLIMITED	00.00
E1 PRE	NO	UNLIMITED	00.00
E2 PRE	NO	UNLIMITED	00.00
E3 PRE	NO	UNLIMITED	00.00
E4 PRE	NO	UNLIMITED	00.00
E5 PRE	NO	UNLIMITED	00.00
Total Number of Shares issued:			**200.00**

General Information:

Licensed with Consumer Protection Branch: NO

Event History:

Event	Date
INCORPORATION (Filed on the Web)	17-Jul-2006
ANNUAL RETURN	31-Aug-2007

ANNUAL RETURN (Filed on the Web)	25-Aug-2008
ANNUAL RETURN (Filed on the Web)	28-Aug-2009
AMENDMENT	01-Sep-2009
CHANGE SHAREHOLDERS (Filed on the Web)	13-Jan-2010
ANNUAL RETURN (Filed on the Web)	19-Aug-2010
ANNUAL RETURN (Filed on the Web)	31-Aug-2011
ANNUAL RETURN (Filed on the Web)	29-Aug-2012
ANNUAL RETURN (Filed on the Web)	30-Aug-2013
NOTICE OF REGISTERED OFFICE (Filed on the Web)	09-Apr-2014

THIS IS EXHIBIT "J" REFERRED TO IN THE AFFIDAVIT OF TRAVIS GU SWORN BEFORE ME AT THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA THIS 7th DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA MY APPOINTMENT EXPIRES: N/A OR BEING A SOLICITOR

BDC

Letter of Offer dated May 5th, 2009

Assiniboia Rubber Recycling Inc. et al.
206 Hill Avenue
Weyburn, SK
S4H 1M5

Attention of: Mr. Theodore G. Hillstead

Re: Loan Account No. 054008-01

In accordance with this letter of offer of credit as amended from time to time (the "**Letter of Offer**"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan (the "**Loan**"). The Letter of Offer is open for acceptance until May 15th, 2009 (the "**Acceptance Date**") after which date it shall become null and void.

This loan is authorized concurrently with the 02 loan multiple in the amount of $250,000.

LOAN PURPOSE AND FUNDING

Loan Purpose	
Purchase Shares (PermaLife)	$1,000,000.00
Refinance Conexus CU - Equipment	$835,000.00
Refinance Conexus CU - Realty	$347,000.00
Refinance Conexus CU - Term Loan	$17,500.00
	$2,199,500.00
Funding	
BDC	$1,840,000.00
BDC 02 Loan	$250,000.00
Working Capital	$109,500.00
	$2,199,500.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for this Loan Purpose

SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Assiniboia Rubber Recycling Inc. et al., PermaLife Products (Canada) Inc. and Trans Canadian Rubber Corp., jointly and severally (collectively the "**Borrower**")

GUARANTOR

Amberley Associates Inc., Theodore G. Hillstead, and Rhonda J. Hillstead, (collectively the "**Guarantor**")

LOAN AMOUNT

Cdn $1,840,000.00.

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Floating Rate

BDC's Floating Base Rate plus a variance of 2.750% per year (the "**Variance**"). On the date hereof, BDC's Floating Base Rate is 4.250% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal is repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount ($)		
1	Once	9,725.00	23/05/2010	23/05/2010
179	Monthly	10,225.00	23/06/2010	23/04/2025

In addition, interest is payable monthly in arrears on the 23rd day of the month ("the **Payment Date")** commencing on the next occurring Payment Date following the first advance on the Loan.

On April 23rd, 2025 (the "**Maturity Date**"), the balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable.

PREPAYMENT

Provided that the Borrower is not in default, the Borrower may prepay, on each anniversary of May 5th, 2009 (the "**Loan Authorization Date**), up to 15% of the then outstanding principal amount of the Loan without paying any indemnity. If the Borrower does not take advantage of this prepayment privilege, the prepayment privilege available on such anniversary shall cease.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity. Please refer underlying condition # 3.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "**Security**"):

1. This loan is the joint and several obligation of Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. and Trans Canadian Rubber Corp., secured by:

2. First readvanceable mortgage in the face amount of $1,800,000 on land (approx. 11.12 acres) legally described as Lot 1B, Block 2, Plan 101079569 ext. 0 and buildings located at 631 Campbell Street in Assinioia, SK owned by Assiniboia Rubber Recycling Inc. Building location survey or title insurance required.

3. First readvanceable mortgage in the face amount of $100,000 on land (approx. 1.42 acres) legally described as Parcel V, Plan 80MJ05311 ext. 0 and buildings located at 301 1st Avenue North in Assinioia, SK owned by PermaLife Products (Canada) Inc. Building location survey or title insurance required.

4. General Security Agreement from PermaLife Products (Canada) Inc. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to:
   - charge on inventory and receivables in favour of a lender extending a line of credit;
   - charges on specific equipment under capital lease.
   Priority agreements or discharges to be obtained from Assiniboia Rubber Recycling Inc. and JP Morgan Chase Bank, N.A.
   Appraisal report (on file) contains details of equipment charged and equipment list has been received for equipment purchased since the appraisal.

5. General Security Agreement from Assiniboia Rubber Recycling Inc. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to:
   - charge on inventory and receivables in favour of a lender extending a line of credit;
   - charges on specific equipment under capital lease.
   Priority agreements to be obtained from Recovery Technologies (Canada) Inc. and Les Brookton, Inc.
   Appraisal report (on file) contains details of equipment charged.

6. Corporate guarantee from Amberley Associates Inc. for $100,000. The guarantor agrees to be personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.

7. Joint and Several Guarantee of Theodore G. Hillstead and Rhonda J. Hillstead for $100,000. The guarantors agree that they are personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.

8. Postponement of a $855,000 debt owed to PermaLife Products, LCC for a period of five (5) years. Interest may not be paid.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Use of funding obtained from sources other than BDC, if applicable.
6. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.

7. Provide written evidence that a financial institution operating credit of at least $250,000 has been established in your favour on satisfactory terms and conditions.
8. Borrower to confirm compliance with recommendations contained within the Phase II and Phase III Environmental Site Assessments completed on 631 Campbell Street property by PHH Arc Environmental Ltd. Report specifically references the following items:
   - Complete further remedial excavation of impacted soil as detailed in Phase III report (remediation to be verified by a Bank approved environmental firm);
   - Install concrete pad under and secondary containment around above ground tank;
   - Repair high-water alarm in septic tank; and
   - Install a grey water treatment system prior to discharge in grey water underground storage tank.
9. Fully satisfactory site visit to be completed by BDC representative on the following properties:
   1) 631 Campbell Street in Assiniboia, SK - Representative to confirm installation of concrete pad and secondary containment around above ground tank.
   2) 301 1st Avenue North in Assiniboia, SK - In the event that conditions of the property raise environmental concerns, an environmental site assessment will be required.
10. Provide executed Offer to Purchase for the Shares of PermaLife Products (Canada) Inc. by Assiniboia Rubber Recycling Inc. in the amount of $1 Million with terms and conditions to the satisfaction of the Bank. Agreement to be reviewed by BDC internal legal counsel.
11. Provide an executed Distribution Agreement between Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. and PermaLife Products, LLC granting rights to use the PermaLife brand name, trademarks, and patented processes for a minimum period of five (5) years with an option to renew. Agreement must be to the satisfaction of the Bank and is to be reviewed by BDC internal legal counsel.
12. Provide an executed Sales Agreement confirming the divestiture of Assiniboia Rubber Recycling Inc.'s interest in Winkler Rubber Products Corp. and Winkler Rubber Products Limited Partnership with terms and conditions to the satisfaction of the Bank.
13. Provide written confirmation from Saskatchewan Scrap Tire Corporation confirming their approval of Assiniboia Rubber Recycling Inc.'s share purchase of PermaLife Products (Canada) Inc. and stating that the Processor Agreement remains in effect.
14. Acceptance of the 054008-01 loan will be considered as acceptance for the 054008-02 loan, and vice versa.

UNDERLYING CONDITIONS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the following conditions shall apply:

1. You will confirm, on demand, proof of payment to each government agency through documentation prepared by your external accredited accountant which is to be forwarded to BDC along with your annual financial statements. You also agree to sign a standard consent form enabling BDC to inquire as to the status of these remittances.

2. You undertake to maintain for the duration of the loan, general liability insurance that extends to include coverage for sudden and accidental release of pollutants or contaminants. The minimum liability limit required for the extended coverage is $1.0 million and the policy shall show BDC as an additional named insured.

3. The following cancels and replaces the Prepayment section of the Letter of Offer. In instances of prepayment, the prepayment indemnity will apply as follows:
1) Fixed rate - While the loan is on a fixed interest rate you may prepay all or any part of the outstanding principal provided you pay BDC the interest owing to the time of payment together with an indemnity equal to:
a) 12 months additional interest on the principal prepaid during the first three years following the loan authorization date, subsequently reducing to three months interest on the principal prepaid; and
b) an interest differential charge which is only applicable if, on the date prepayment is received, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the Base Rate in effect when you either entered or renewed the Fixed Interest Rate Plan being prepaid, whichever is the most recent. The interest differential is the difference between these two rates. The interest differential is multiplied by the principal that would have been outstanding at the Payment Date in each month until the next Interest Adjustment Date (or the maturity of the principal if earlier). Then the present value of the amount or amounts obtained by such multiplication is calculated by discounting such amount or amounts using the Base Rate for the Corresponding Fixed Interest Rate Plan as the discount factor. The total of the present values is the interest differential charge.
"Corresponding Fixed Interest Rate Plan" means the fixed interest rate plan then being offered by BDC to its customers equal to the number of years, rounded to the nearest year (minimum of one year), from the date the prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).
In the case of partial prepayment, the interest differential charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding at the time prepayment is received.
Where an unincorporated borrower who provided mortgage of land security prepays the loan in full after 5 years from the Loan Authorization Date, the indemnity will be limited to 3 months further interest.
2) Floating rate - While the loan is on a floating interest rate, you may prepay all or any part of the outstanding principal provided you pay BDC the interest owing to the time of payment together with an indemnity equal to twelve months additional interest on the principal prepaid during the first three years following the loan authorization date, subsequently reducing to three months interest on the principal prepaid.

4. Following the receipt of your written request, BDC will permit repayment on PermaLife Products, LLC loan, if in BDC's sole opinion all the following conditions are met:
   1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. confirm a combined:
   - an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.4:1 (after proposed repayment);
   - a maximum term debt to tangible equity ratio of 0.7:1; and
   - a minimum working capital ratio of 1.3:1;
   2) Your loan commitment has been reduced as per the standard repayment schedule; and
   3) Your loans have never been in default.

5. Following the receipt of your written request, BDC will grant a one time reduction of the interest variance on your loan number 054008-01 by 0.75%, if in BDC's sole opinion all the following conditions are met:
   1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. as of December 31, 2011 confirm a combined:
   - an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.5:1;
   - a maximum term debt to tangible equity ratio of 0.7:1; and
   - a minimum working capital ratio of 1.3:1;
   2) Your loans have never been in default.

DISBURSEMENT

Unless otherwise authorized, funds shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
PermaLife Products (Canada) Inc.	Review Engmt	Annual	December
Assiniboia Rubber Recycling Inc.	Review Engmt	Annual	December
Trans Canadian Rubber Corp.	Notice to Reader	Annual	December
Amberley Associates Inc.	Notice to Reader	Annual	December

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "**Event of Default**"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

FEES

Cancellation Fee

If the Borrower does not draw on the Loan by November 5th, 2009 (the "**Lapsing Date**"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC a cancellation fee of $55,200.00. If the Borrower draws on the Loan partially, the undisbursed part of the Loan shall lapse on the Lapsing Date and be cancelled. If the Borrower cancels more than 50% of the Loan (cumulative), the Borrower and the Guarantor shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the Loan cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Standby Fee

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate of 1.5% per annum on the portion of the Loan which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on November 5th, 2009 and on each Payment Date thereafter.

Legal Fees and Expenses

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

Loan Management Fee

The Borrower shall pay BDC a management fee of $750.00 per year. This management fee is payable on the first Payment Date following the advance of the Loan and thereafter on each anniversary of the first Payment Date. This fee is non-refundable and is subject to change.

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the branch of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. The Borrower shall not have the right to assign, in whole or in part, its rights and obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with Daniel LaBossière at (204) 983-3606.

K Desai

Kashmira Desai
Customer Service Officer

Joan Kilouac
Area Manager

ACCEPTANCE

The borrower agrees that a public announcement of this financing can be made by BDC in the form of a news release or other medium. ☒ Yes ☐ No

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 12 day of May 2009.

Assiniboia Rubber Recycling Inc. (Joint Obligant)

Ted Hillstead, Authorized Signing Officer
Signature

Ted Hillstead
Please print name

PermaLife Products (Canada) Inc. (Joint Obligant)

Ted Hillstead, Authorized Signing Officer
Signature

Ted Hillstead
Please print name

Trans Canadian Rubber Corp. (Joint Obligant)

Ted Hillstead, Authorized Signing Officer
Signature

Ted Hillstead
Please print name

GUARANTORS

Amberley Associates Inc.

______________________________ X Authorized Signing Officer

Signature

______________________ X

Please print name

Theodore G. Hillstead

Ted Hillstead ______________________ X

Rhonda J. Hillstead

Rhonda Hillstead ______________________ X

GUARANTORS

Amberley Associates Inc.

X Authorized Signing Officer

Signature

RANDALL CONNERS

Please print name

Theodore G. Hillstead

Ted Hillstead X

Rhonda J. Hillstead

Rhonda Hillstead X

May 5, 2009

SECTION I - DEFINITIONS

"Available Funds" - means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus the following: dividends, drawings/management bonuses, amortization of government grants and subsidies, redemption of share capital, advances or loans to (and repayment of advances or loans from) shareholders (owners), directors, related and non related businesses other than in the ordinary course of business.

"Available Funds Coverage Ratio" - means the ratio of Available Funds over the current portion of Term Debt.

"BDC's Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its base rate applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"Corresponding Fixed Interest Rate Plan" - means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default"- means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"GAAP"- means generally accepted accounting principles in Canada applied consistently.

"Interest Adjustment Date" - means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" - means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. The Interest Differential Charge is not collectable when the Loan is paid in full after 5 years from the Loan Authorization date and the Loan is secured by a mortgage or hypothec over real estate granted by a Borrower who is not incorporated.

"Interest Expiration Date" - means the date on which a fixed interest rate plan expires.

"Loan" - shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" - means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" - means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,

(ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
(iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"**Tangible Equity**" - means the sum of the share capital [owners' capital for non incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] in favour of BDC; minus loans or advances to the shareholders [owners], directors, related or non-related businesses other than in the normal course of business; minus intangible and non-business assets.

"**Term Debt**" - means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"**Term Debt to Tangible Equity Ratio**" - means the ratio of the Term Debt over the Tangible Equity.

"**Working Capital Ratio**" - means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 moths of all long term debts.

SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.

5. Keep all their assets insured for physical damages and losses on an "All-Risks" basis for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security and, as further Security, assign or hypothecate all insurance proceeds to BDC; and

   If requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents and to provide copies of such policies.

6. Notify BDC immediately of any loss or damage to their property.

7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.

8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.

9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.

10. Not, without the prior written consent of BDC,

    a. Change the nature of their business.

    b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.

    c. Permit any of their shareholders to sell or transfer their shares in the capital stock of such Borrower or any corporate Guarantor. The sale or transfer of shares on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange acceptable to BDC does not require the prior consent of BDC unless the sale or transfer of the shares results in a change of control affecting 51% of the outstanding voting rights.

11. Not engage in, or permit their premises to be used by a tenant or other person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

    a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;

    b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or

    c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.

2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.

3. The Borrower is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower from the date of the application of financing.

SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower agrees to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

THIS IS EXHIBIT "K" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GI
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

September 9, 2009

Mr. Theodore G. Hillstead
Assiniboia Rubber Recycling Inc. et al
206 Hill Avenue,
Weyburn, SK S4H 1M5

Dear Mr. Hillstead:

Re: BDC Account #054008-01/02

Upon your written acceptance, your loan is amended as follows:

Loan multiple 01

Security condition #6
Delete:
Corporate guarantee from Amberley Associates Inc. for $100,000. The guarantor agrees to be personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.

Insert:
Joint and Several Corporate Guarantee of Amberley Associates Inc. and Mill River Holding Corporation for $100,000. [The guarantors agree that they are personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.]

Condition Precedent #11
Replace:
assiniboia
Provide an executed Distribution Agreement between ~~Assiniboine~~ Rubber Recycling Inc. and PermaLife Products (Canada) Inc. and PermaLife Products, LLC granting rights to use the PermaLife brand name, trademarks, and patented processes for a minimum period of five (5) years with an option to renew. Agreement must be to the satisfaction of the Bank and is to be reviewed by BDC internal legal counsel.

By:
Provide an executed Distribution Agreement between Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. and PermaLife Products, LLC granting rights to use the PermaLife brand name, trademarks, and patented processes for a minimum period of five (5) years with an option to renew. Agreement must be to the satisfaction of the Bank and is to be reviewed by BDC internal legal counsel.

Underlying Condition
Insert:
You must obtain the prior written request consent of the Bank before redeeming shares or paying dividends on the preferred shares.

.../3

Assiniboia Rubber Recycling Inc. et al September 9, 2009

Loan multiple 02

Delete:

Corporate guarantee from Amberley Associates Inc. for $75,000. The guarantor agrees to be personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.

Insert:

Joint and Several Corporate Guarantee of Amberley Associates Inc. and Mill River Holding Corporation for $75,000. [The guarantors agree that they are personally responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.]

Underlying Condition

Insert:

You must obtain the prior written request consent of the Bank before redeeming shares or paying dividends on the preferred shares.

Financial Statement Requirement

	Company Name	Statement Type	Period	Month
Add:	Mill River Holding Corporation	Notice to Reader	Annual	12

In all other aspects, the security instruments and the provisions of the Letter of Offer for the loan remain unchanged.

All security instruments for the loan are considered amended to reflect this change.

This agreement shall be binding on the guarantors, their executors, administrators and assigns (for companies, their successors and assigns) of the undersigned and BDC.

Please indicate your acceptance of the revised terms by signing and returning to us before September 23, 2009, the attached copy of this letter.

Yours truly,

K. Desai

Kashmira Desai
Customer Service Officer
(204) 984-5956

Rob Lajoie
Area Manager

This 14 day of Sept 2009.

Assiniboia Rubber Recycling Inc. (Joint Obligant)

Ted Hellstead Authorized Signing Officer

Signature

Ted HellsTead

Please print name

Assiniboia Rubber Recycling Inc. et al September 9, 2009

PermaLife Products (Canada) Inc. (Joint Obligant)

______________________ Authorized Signing Officer
Signature

Ted Hillstead
Please print name

Trans Canadian Rubber Corp. (Joint Obligant)

______________________ Authorized Signing Officer
Signature

Ted Hillstead
Please print name

GUARANTORS

Amberley Associates Inc.

______________________ Authorized Signing Officer
Signature

[illegible]
Please print name

Mill River Holding Corporation

______________________ Authorized Signing Officer Director
Signature

Ted Hillstead
Please print name

Theodore G. Hillstead

____

Rhonda J. Hillstead

____

THIS IS EXHIBIT "L" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

September 29, 2009

Assiniboia Rubber Recycling Inc. et al
206 Hill Avenue
Weyburn, SK S4H 1M5

Attention: Mr. Theodore G. Hillstead

Dear Sir:

Re: BDC Account No. 054008-01/02

The above loans have been amended as follows:

LOAN 01

Security Amendment
Replace: Following the receipt of your written request, BDC will grant a one time reduction of the interest variance on your loan number 054008-01 by 0.75%, if in BDC's sole opinion all the following conditions are met:
1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. as of December 31, 2011 confirm a combined:
- an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.5:1;
- a maximum term debt to tangible equity ratio of 0.7:1; and
- a minimum working capital ratio of 1.3:1;
2) Your loans have never been in default.

Following the receipt of your written request, BDC will grant a one time reduction of the interest variance on your loan number 054008-01 by 0.75%, if in BDC's sole opinion all the following conditions are met:
1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. as of December 31, 2011 confirm a combined:
- an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.5:1;
- a maximum term debt to tangible equity ratio of 0.7:1; and
- a minimum working capital ratio of 1.3:1;
2) Your loans have never been in default;
3) Confirm compliance with recommendations contained with the Phase II and Phase III Environmental Site Assessments completed on 631 Campbell Street property by PHH Arc Environmental Ltd.

Loan Purpose and Funding

Loan Purpose	Previous	Loan Purpose	Present
Purchase Shares (PermaLife)	$1,000,000	Purchase Shares (PermaLife)	$1,000,000
Refinance Conexus CU – Equipment	835,000	Refinance Conexus CU – Equipment	835,000
Refinance Conexus CU – Realty	347,000	Refinance Conexus CU – Realty	347,000
Refinance Conexus CU – Term Loan	17,500	Refinance Conexus CU – Term Loan	17,500
		Remediation of Contaminated Site	89,115
Total	$2,199,500	Total	$2,288,615
Funding	**Previous**	**Funding**	**Present**
BDC	$1,840,000	BDC	$1,840,000
BDC 02 Loan	250,000	BDC 02 Loan	250,000
Working Capital	109,500	Working Capital	198,615
Total	$2,199,500	Total	$2,288,615

LOAN 02

Security Amendment

Following the receipt of your written request, BDC will grant a one time reduction of the interest variance on your loan number 054008-02 by 1.0%, if in BDC's sole opinion all the following conditions are met:

1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. as of December 31, 2011 confirm a combined:
- an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.5:1;
- a maximum term debt to tangible equity ratio of 0.7:1; and
- a minimum working capital ratio of 1.3:1;

2) Your loans have never been in default.

Following the receipt of your written request, BDC will grant a one time reduction of the interest variance on your loan number 054008-02 by 1.0%, if in BDC's sole opinion all the following conditions are met:

1) The annual Review Engagement financial statements for Assiniboia Rubber Recycling Inc. and PermaLife Products (Canada) Inc. as of December 31, 2011 confirm a combined:
- an available funds (AF) less unfinanced capital expenditures coverage ratio of 1.5:1;
- a maximum term debt to tangible equity ratio of 0.7:1; and
- a minimum working capital ratio of 1.3:1;

.../3

2) Your loans have never been in default;
3) Confirm compliance with recommendations contained with the Phase II and Phase III Environmental Site Assessments completed on 631 Campbell Street property by PHH Arc Environmental Ltd.

Loan Purpose and Funding

Loan Purpose	Previous	Loan Purpose	Present
Purchase Shares (PermaLife)	$1,000,000	Purchase Shares (PermaLife)	$1,000,000
Refinance Conexus CU – Equipment	835,000	Refinance Conexus CU – Equipment	835,000
Refinance Conexus CU – Realty	347,000	Refinance Conexus CU – Realty	347,000
Refinance Conexus CU – Term Loan	17,500	Refinance Conexus CU – Term Loan	17,500
		Remediation of Contaminated Site	89,115
Total	$2,199,500	Total	$2,288,615
Funding	**Previous**	**Funding**	**Present**
BDC	$250,000	BDC	$250,000
BDC 01 Loan	1,840,000	BDC 01 Loan	1,840,000
Working Capital	109,500	Working Capital	198,615
Total	$2,199,500	Total	$2,288,615

In all aspects, the security instruments and the provisions of the Letter of Offer for the above loan remain unchanged.

Yours truly,

Daniel LaBossière
Manager, Major Accounts
(204) 983-3606

Robert Lajoie
Area Manager

THIS IS EXHIBIT "M" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

February 19, 2010

Mr. Theodore G. Hillstead, CGA
Assiniboia Rubber Recycling Inc.
206 Hill Avenue
Weyburn, SK S4H 1M5

Dear Mr. Hillstead:

Re: Amendment to terms and conditions of BDC loan number 054008-01

In response to your request, the BDC consents to amend the above mentioned loan in the following fashion:

REPAYMENT TERMS
Commencing on September 23, 2010, the principal will be repaid by an initial payment of $9,725.00, followed by 179 consecutive monthly instalments of $10,225.00 each, with the final payment on August 23, 2025 (the "Maturity Date").

With the exception of the amendments agreed to herein, all terms and conditions of your financing with the BDC remain unchanged.

These amendments are now in effect.

Yours truly,

Brigitte Murray
Customer Service Officer
(204) 984-1828

Gordon Rivest
Area Manager

Business Development Bank of Canada
Banque de développement du Canada
F 204 983-0870

Canada

Letter of Offer dated June 21st, 2011

Assiniboia Rubber Recycling Inc.
Trans Canadian Rubber Corp.
206 Hill Avenue
Weyburn, SK S4H 1M5

Attention of: Mr. Theodore G. Hillstead

Re: Loan Account No. 054008-03

In accordance with this letter of offer of credit as amended from time to time (the "**Letter of Offer**"), Business Development Bank of Canada ("**BDC**") is pleased to offer you the following loan (the "**Loan**"). The Letter of Offer is open for acceptance until July 1st, 2011 (the "**Acceptance Date**") after which date it shall become null and void.

This Loan supersedes the existing loan(s) 02 on which $211,225.00 is outstanding. Payment of interest on the superseded loan(s) will continue at its existing rate until first disbursement of the Loan when the Loan interest rate will take effect. The amount required to pay out the superseded loan(s) will be adjusted to the amount of principal outstanding on the superseded loan(s) at disbursement.

LOAN PURPOSE AND FUNDING

Loan Purpose	
Working Capital	$200,000.00
Supercede BDC Loan Multiple 02	$211,225.00
	$411,225.00
Funding	
BDC	$411,225.00
	$411,225.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for this Loan Purpose.

SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Assiniboia Rubber Recycling Inc. and Trans Canadian Rubber Corp., jointly and severally (collectively the "**Borrower**")

GUARANTOR

Theodore G. Hillstead, Rhonda J. Hillstead and Mill River Holding Corporation (collectively the **"Guarantor"**)

LOAN AMOUNT

Cdn $411,225.00.

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Floating Rate

BDC's Floating Base Rate plus a variance of 3.500% per year (the **"Variance"**). On the date hereof, BDC's Floating Base Rate is 5.000% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal is repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount ($)		
1	Once	4,857.00	23/12/2011	23/12/2011
83	Monthly	4,896.00	23/01/2012	23/11/2018

In addition, interest is payable monthly on the 23rd day of the month ("the **Payment Date**") commencing on the next occurring Payment Date following the first advance on the Loan.

On November 23rd, 2018 (the "**Maturity Date**"), the balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable.

PREPAYMENT

Provided that the Borrower is not in default, the Borrower may prepay, on each anniversary of June 21st, 2011 (the "**Loan Authorization Date**), up to 15% of the then outstanding principal amount of the Loan without paying any indemnity. If the Borrower does not take advantage of this prepayment privilege, the prepayment privilege available on such anniversary shall cease.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:
- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:
- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "**Security**"):

1. This loan is the joint and several obligation of Assiniboia Rubber Recycling Inc. and Trans Canadian Rubber Corp., secured by:

2. First readvanceable mortgage in the face amount of $100,000 on land (approx. 1.42 acres) legally described as Parcel V, Plan 80MJ05311 ext. 0 and buildings located at 301 1st Avenue North in Assiniboia, SK owned by Assiniboia Rubber Recycling Inc. Existing mortgage dated July 17, 2009 will stand as security for this loan.
3. First readvanceable mortgage in the face amount of $1,800,000 on land (approx. 11.12 acres) legally described as Lot 1B, Block 2, Plan 101079569 ext. 0 and buildings located at 631 Campbell Street in Assiniboia, SK owned by Assiniboia Rubber Recycling Inc. Existing mortgage dated July 19, 2009 will stand as security for this loan.
4. General Security Agreement from Assiniboia Rubber Recycling Inc. providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to:
 - charge on inventory and receivables in favour of a lender extending a line of credit;
 - charges on specific equipment under capital lease.
 Existing GSA to stand as security for this loan multiple, and existing priorities to be kept in place.
5. Joint and Several Guarantee of Theodore G. Hillstead and Rhonda J. Hillstead for the full amount of the loan. The guarantors agree that they are personally responsible for the payment of the cancellation, standby and legal fees.
6. Corporate Guarantee from Mill River Holding Corporation for 49% of the outstanding loan balance. The guarantor agrees to be responsible for the payment of the commitment, standby and legal fees as per the Letter of Offer.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Use of funding obtained from sources other than BDC, if applicable.
6. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
7. Satisfaction of all applicable disbursement conditions contained in the Underlying Conditions section of this Letter of Offer.
8. A site visit is to be completed by BDC, evidencing that the above-ground tank has been removed, and the grey water filter has been installed, to the satisfaction of the Bank.

UNDERLYING CONDITIONS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the following conditions shall apply:

1. If all or part of the principal is prepaid within 3 years, the Borrower shall pay a further indemnity, in addition to the indemnity stated in the Prepayment section of the Letter of Offer, such that the total indemnity shall be equal to:

   - 12 months interest on the principal prepaid at the interest rate then applicable to the Loan if the prepayment occurs within the first 3 years following the Loan Authorization Date; plus the Interest Differential Charge, if the loan is on a fixed rate.

2. You will confirm, on demand, proof of payment to each government agency through documentation prepared by your external accredited accountant which is to be forwarded to BDC along with your annual financial statements. You also agree to sign a standard consent form enabling BDC to inquire as to the status of these remittances.

3. Fast Track Disbursement
   Prior to Security being placed, $50,000 of this Loan may be disbursed upon receipt by BDC of a promissory note (for the same amount) signed by the Borrower and the Guarantor (and their shareholders having the voting control either alone or when acting together) and after all Conditions Precedent have been met except for documents evidencing expenditures relating to this Fast Track Disbursement, which will be required for any subsequent disbursement.

   When all the required Security and conditions set out in this Letter of Offer have been completed to BDCs satisfaction, the promissory note will be cancelled and returned to you.

   General
   An Order for payment on BDC's standard form is to be obtained from Assiniboia Rubber Recycling Inc. and Trans Canadian Rubber Corp., prior to the first disbursement.

   Verification of Expenditures
   Documents evidencing expenditures under the Loan Purpose are not required.

   Other disbursement requirements, as applicable.

DISBURSEMENT

Unless otherwise authorized, funds shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Assiniboia Rubber Recycling Inc.	Review Engmt	Annual	December
Trans Canadian Rubber Corp.	Notice to Reader	Annual	December
Amberley Associates Inc.	Notice to Reader	Annual	December
Mill River Holding Corporation	Notice to Reader	Annual	December

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "**Event of Default**"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

FEES

Cancellation Fee

If the Borrower does not draw on the Loan by June 21st, 2012 (the "**Lapsing Date**"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC a cancellation fee of $6,000.00. If the Borrower draws on the Loan partially, the undisbursed part of the Loan shall lapse on the Lapsing Date and be cancelled. If the Borrower cancels more than 50% of the Loan (cumulative), the Borrower and the Guarantor shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the

Loan cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Standby Fee

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate of 1.5% per annum on the portion of the Loan which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on December 21st, 2011 and on each Payment Date thereafter.

Legal Fees and Expenses

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

Loan Management Fee

The Borrower shall pay BDC a management fee of $350.00 per year. This management fee is payable on the first Payment Date following the advance of the Loan and thereafter on each anniversary of the first Payment Date. This fee is non-refundable and is subject to change.

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "**transfer**") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with Dan LaBossière at (204) 983-3606.

A Castellano

Amandalina Castellano
Client Relationship Officer

Bill Ralph
Buisness Centre Manager

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 24 day of June 2011.

Assiniboia Rubber Recycling Inc.

Ted Hillstead, Authorized Signing Officer Director
Signature

Ted Hillstead
Print Name

Trans Canadian Rubber Corp.

Ted Hillstead, Authorized Signing Officer Director
Signature

Ted Hillstead
Print Name

GUARANTOR(S)

Theodore Hillstead

Ted Hillstead

Rhonda Hillstead

Rhonda Hillstead

Mill River Holding Corporation

Ted Hillstead, Authorized Signing Officer Director
Signature

Ted Hillstead
Print Name

Assiniboia Rubber Recycling Inc.

SCHEDULE "A"

June 21, 2011

SECTION I - DEFINITIONS

"Available Funds" - means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus the following: dividends, drawings/management bonuses, amortization of government grants and subsidies, redemption of share capital, advances or loans to (and repayment of advances or loans from) shareholders (owners), directors, related and non related businesses other than in the ordinary course of business.

"Available Funds Coverage Ratio" - means the ratio of Available Funds over the current portion of Term Debt.

"BDC's Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

BDC's US Dollar Floating Base Rate" - means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Corresponding Fixed Interest Rate Plan" - means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"GAAP"- means generally accepted accounting principles in Canada applied consistently.

"GAAP for Private Enterprises" means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

"IFRS" means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

"Interest Adjustment Date" - means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" - means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

(i) the difference between the two rates;
(ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
(iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. The Interest

Differential Charge is not collectable when the Loan is paid in full after 5 years from the Loan Authorization date and the Loan is secured by a mortgage or hypothec over real estate granted by a Borrower who is not incorporated.

"Interest Expiration Date" - means the date on which a fixed interest rate plan expires.

"Loan" - shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" - means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" - means:

(i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,

(ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or

(iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" - means the sum of the share capital [owners' capital for non incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] in favour of BDC; minus loans or advances to the shareholders [owners], directors, related or non-related businesses other than in the normal course of business; minus intangible and non-business assets.

"Term Debt" - means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" - means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" - means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 moths of all long term debts.

SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.

7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and

   as further Security, assign or hypothecate all insurance proceeds to BDC; and

   if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the loan.

6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
    a. Change the nature of their business.
    b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
    c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

    "Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

    a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;

    b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or

    c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.

2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.

3. The Borrower is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.

4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.

5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.

7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.

8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.

9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;

3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

Anti- Money Laundering/Know Your Client

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor . The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Confidentiality

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

Changes in Accounting Standards

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.

BDC

July 5, 2011

Mr. Theodore G. Hillstead, CGA
Assiniboia Rubber Recycling Inc. et al.
206 Hill Avenue,
Weyburn, SK S4H 1M5

Dear Mr. Hillstead:

<u>Re: BDC Loan #054008-03</u>

As the required security for your loan has been completed to the Bank's satisfaction, we are returning your Promissory Note.

Yours truly,

Lina Castellano
Client Relationship Officer
(204)983-8925

Encl.

Business Development Bank of Canada
155 Carlton Street, Suite 1100
Winnipeg, Manitoba R3C 3H8

Banque de développement du Canada
155, rue Carlton, bureau 1100
Winnipeg (Manitoba) R3C 3H8

T 204 983-7900
F 204 983-0870
www.bdc.ca

Canada

THIS IS EXHIBIT "N" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

GENERAL SECURI[illegible]

THIS AGREEMENT dated July 17, 2009.

FROM:

ASSINIBOIA RUBBER RECYCLING INC.

(the "Borrower")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a branch at Suite 1100, 155 Carlton Street, Winnipeg, Manitoba R3C 3H8

("BDC")

1. SECURITY INTEREST

(You, as the Borrower, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Borrower:

(a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:

(i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");

(ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");

(iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");

(iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Borrower that is not Equipment, Inventory or Accounts,

(v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is hereinafter collectively called the "Intellectual Property");

(vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;

(vii) the personal property described in Schedule A attached to this Security Agreement;

(viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;

(b) grants to BDC a general and continuing security interest and charges by way of a floating charge:

(i) all of the Borrower's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and

(ii) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Borrower.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and BDC to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Borrower to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Borrower represents and warrants to BDC that:

(a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;

(b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to BDC accurately setting forth all prior names under which the Borrower has operated;

(c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

(d) if the Borrower is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;

(e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower; and the Borrower agrees to promptly notify BDC of any such future litigation or governmental proceeding;

(f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Borrower;

(g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;

(h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Borrower has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;

(i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;

(j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Borrower to borrow money or give security; and

(k) the Borrower's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE BORROWER

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Borrower covenants with BDC that while this Security Agreement remains in effect the Borrower will:

(a) promptly pay and satisfy the Obligations as they become due or are demanded;

(b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;

(c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;

(d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;

(e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;

(f) promptly pay and satisfy:

  (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;

  (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and

  (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Borrower including, without limitation, inspection, administration and returned cheque handling fees;

(g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Borrower, including for:

  (i) inspecting the Collateral;

  (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;

  (iii) complying with any disclosure requirements under the Act;

  (iv) investigating title to the Collateral;

  (v) taking, recovering, keeping possession and disposing of the Collateral;

  (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;

  (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;

  (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;

  (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and*

Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);

(h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;

(i) notify BDC promptly of:

(i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;

(ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;

(iii) any material loss or damage to the Collateral;

(iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;

(v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;

(vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and

(vii) all additional places of business and any changes in its place(s) of business or chief executive office;

(j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;

(k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;

(l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Borrower will render all assistance necessary;

(m) permit and does consent to BDC contacting and making enquiries of the Borrower's lessors as well as assessors, municipal authorities and any taxing body;

(n) observe and perform all its obligations under:

(i) leases, licences, undertakings, and any other agreements to which it is a party;

(ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;

(o) deliver to BDC from time to time promptly upon request:

(i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;

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

(iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as BDC may reasonably require;

(p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;

(q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;

(r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and

(s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Borrower under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

(a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;

(b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;

(c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.

8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Borrower will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Borrower's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Borrower authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Borrower fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Borrower will not:

(a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;

(b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;

(c) where the Borrower is a corporation:

(i) issue, purchase or redeem its shares;

(ii) change its voting control;

(iii) permit any of its shareholders to sell, transfer or dispose of its shares;

(iv) declare or pay any dividends on any of its shares; or

(v) repay or reduce any shareholders loans or other debts due to its shareholders;

(d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Borrower will not:

(a) sell, lease, license or otherwise dispose of the Collateral;

(b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Borrower is not in default under this Security Agreement the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Borrower fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Borrower to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and BDC in any of the following events:

(a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or

(b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Borrower to BDC is untrue <u>or ceases to be accurate</u>, whether or not contained in this Security Agreement; or

(c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or

(d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or

(e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or

(f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or

(g) distress or execution is levied or issued against all or a part of the Collateral; or

(h) if the Borrower is a corporation and any member or shareholder:

  (i) commences an action against the Borrower; or

  (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or

(i) if the Borrower is a corporation and its voting control changes without BDC's prior written consent; or

(j) the Borrower uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or

(k) without BDC's prior written consent, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or

(l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or

(m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or

(n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or

(o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or

(p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or

(q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or

(r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

(a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or

(b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Borrower mortgages to BDC all of the Borrower's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Borrower is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

(a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;

(b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;

(c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;

(d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;

(e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and

(f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

(a) carry on the Borrower's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and

(b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under the *Bankruptcy and Insolvency Act* (Canada); and

(c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and

(d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

(a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:

(i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and

(ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;

(b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;

(c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and

(d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Borrower or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.

16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Borrower and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Borrower shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.

16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

16.5 Any right of BDC and any obligation of the Borrower arising under any other agreements between BDC and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security

Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Borrower shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.

16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Borrower now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Borrower shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that BDC may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Borrower irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Borrower subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Borrower to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Borrower to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Borrower's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Borrower or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Borrower will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Borrower represents and agrees that:

(a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;

(b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;

(c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;

(d) the Collateral and Real Property are and will remain free of environmental damage or contamination;

(e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;

(f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;

(g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to BDC contacting and making enquiries of environmental officials or assessors;

(h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;

(i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Borrower's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

(a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;

(b) "the Act" means the *Personal Property Security Act* of the jurisdiction in which the branch of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Borrower:

(a) acknowledges receiving a copy of this Security Agreement; and

(b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Borrower is a corporation, the Borrower agrees as follows:

(a) that the *Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in the *Land Contracts (Actions) Act* of Saskatchewan, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;

(b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and

(c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Borrower.

34. PARENTHETICAL COMMENTS

The Borrower acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Borrower has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Borrower has executed this Security Agreement.

(seal)

ASSINIBOIA RUBBER RECYCLING INC.

Per: ______________________

Authorized Signatory

AFFIDAVIT OF OFFICER OF CORPORATION

C A N A D A	)	I, Theodore Hillstead,
PROVINCE OF	)	of the City of Weyburn,
T O W I T:	)	in the Province of Saskatchewan

MAKE OATH AND SAY:

1. That I am the President of the Borrower.

2. That I subscribed my name to the annexed agreement in my capacity as President, an officer of the Borrower as aforesaid.

3. That I am one of the persons duly authorized to subscribe my name as aforesaid.

SWORN before me at the City of ~~Weyburn,~~ Regina
in the Province of Saskatchewan this 17
day of July, 2009.

A Commissioner for Oaths
in and for the Province of Saskatchewan.
Being a Solicitor.

Ted Hillstead
Theodore Hillstead

SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Borrower (if an individual): ______ Month ______ Day ______ Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Borrower's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	Saskatchewan
Place of Business:	Saskatchewan
And:	

SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (licenses)

7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Borrower shall:

(i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;

(ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the *Forest Act* (British Columbia), the *Forests Act* (Alberta), the *Public Lands Act* (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;

(iii) observe and perform all the requirements of the Licences, of the *Forest Act* [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;

(iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and

(v) should the Licenses involve products not falling within the forestry industry, comply with all **applicable** laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.

SCHEDULE B
Additional Covenants (aircraft)

7.1 (t) so long as the Collateral includes any aircraft, airframes, propellers, avionics or aircraft engines or any goods that are or may become accessions or attachments to them or are used in connection with them then the Borrower shall:

(i) at its own cost and expense keep such Collateral in good order and repair airworthy in all respects and only in accordance with its Transport Canada Aviation ("TCA") approved maintenance, making good all damage to such Collateral, including without limitation damage by crash, collision, fire or explosion, and replace at the Borrower's expense each of the aircraft or engines, propellers or parts which may be worn out, lost, destroyed, confiscated or rendered unfit for use in the Borrower's ordinary operations with another aircraft, engine, propeller or part which shall be in good airworthy and operating condition and shall have a time and modification status and value at least equal to the value of the property so worn out, lost, destroyed or confiscated or rendered unfit for use, if the same were in usable condition and in good repair and, shall, unless BDC shall otherwise consent, be the same manufacturer's model as the aircraft or parts being replaced;

(ii) maintain custody and operational control, and use and operate such Collateral in a careful and efficient manner and comply with the laws of Canada and with all acts, rules, regulations, instructions and orders of TCA and the Canadian Transportation Agency and of all other commissions, boards and other legal, executive or judicial bodies or officers having power to regulate or supervise such Collateral or the Borrower's operations and comply with the manufacturer's operations and maintenance instructions and recommendations. The Borrower will not permit any of such Collateral to be flown or taken outside of the territorial limits of Canada (other than in the normal course of its flying operations) without BDC's consent. The Borrower will maintain its air carrier licenses in good standing and will not assign or transfer them;

(iii) ensure that any aircraft charged under this Security Agreement which becomes grounded by the withdrawal or expiration of an airworthiness certificate issued under the authority of TCA or other appropriate authority and which remains grounded for a period of sixty (60) days shall be considered unfit for use in the Borrower's ordinary operations within the meaning of this clause and the Borrower shall promptly notify BDC of any such aircraft becoming unfit for use in the Borrower's ordinary operations, and shall promptly notify BDC if any aircraft shall become worn out, lost, destroyed, damaged or confiscated, and if the Borrower replaces any such aircraft out of the proceeds of insurance or otherwise, it will deliver to BDC a supplemental security interest and charge covering the replacement aircraft together with all information required by BDC concerning the replacement aircraft;

(iv) insure and keep insured and assigned to BDC all risk Hull Insurance in form and with insurers satisfactory to BDC, such policies to include the standard BREACH OF WARRANTY CLAUSE on all the aircraft charged or which may be charged in favour of BDC and will supply to BDC evidence of Third Party Liability (including passenger) insurance, such insurance shall: (a) name BDC as additional insured; (b) waive all rights of subrogation against BDC; (c) provide 30-day notice of cancellation to BDC; and (d) cover engines and parts when removed from the aircraft, wherever located; and

(v) obtain and maintain and enforce in its own name all necessary certificates of registration and airworthiness and licences to operate the aircraft for the purpose of which they are being or are intended to be used.

END OF DOCUMENT

THIS IS EXHIBIT "O" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

MORTGAGE

MORTGAGOR: **ASSINIBOIA RUBBER RECYCLING INC.**

the "Borrower",

MORTGAGEE: **BUSINESS DEVELOPMENT BANK OF CANADA**

"BDC",

DATED: **the 17 day of July, 2009.**

FOR: **$1,800,000.00 (the "Principal Sum") and other indebtedness.**

the Borrower, being or entitled to be registered as owner of, an estate in fee simple (or such other estate as hereinafter provided) subject, however, to such encumbrances, liens, and interests, as are notified by memorandum underwritten (or endorsed hereon) that piece or pieces of land described as follows:

Surface Parcel #111021792
Lot IB, Block 2, Plan No. 101079569, Extension 0

(the "Lands")

IN CONSIDERATION of the Principal Sum lent to the Borrower by BDC, incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec, with a Branch Office at Winnipeg, Manitoba:

the receipt of which sum is hereby acknowledged, the Borrower hereby mortgages and charges its entire estate and interest in the Lands as security for repayment of the Secured Obligations, not to exceed $1,800,000.00 together with interest and costs, and acknowledges and covenants with BDC, as follows:

1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to BDC.

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to BDC as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by BDC from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers

2. DEBT

You promise to pay to BDC, at such office of BDC as we may direct, the aggregate of:

(a) the Principal Sum outstanding from time to time;

(b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to BDC (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, protective disbursements, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to BDC, as principal, guarantor, indemnitor, surety or otherwise;

(c) interest on the Principal Sum at an annual rate equal to the floating base rate of the announced from to time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and BDC have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligations then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligations the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;

(d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and

(e) interest on each protective disbursement from the day the protective disbursement (as hereinafter defined) is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum.

3. READVANCES

It is our mutual intention that BDC may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in, *The Land Titles Act* or *The Land Titles Act, 2000* of Saskatchewan. This mortgage is and shall be a continuing security to BDC for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by BDC in one or more advances at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and BDC gives written notice to you that you will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

4. SECURITY

As security for payment of the Secured Obligations, and for the performance of your other obligations under this agreement, you grant, bargain and sell to BDC the Lands (including fixtures, appurtenances, leasehold improvements and rights of way). This mortgage is void upon payment of the Secured Obligations and the performance of those other obligations. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

5. FIXTURES

In this mortgage the expression "the Lands" includes fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

6. MORTGAGE OF LEASE

If your interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

(a) you hereby demise, sub-lease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to BDC, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for BDC to be assigned or disposed of as BDC or anyone claiming through BDC may direct, and BDC shall have power on any realization to appoint a new person as Trustee of the reversion;

(b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;

(c) you represent to BDC that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to BDC, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;

(d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;

(e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without BDC's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;

(f) you will promptly notify BDC in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to BDC;

(g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;

(h) you will not during the continuance of this mortgage, without BDC's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;

(i) you will promptly obtain from the lessor under the lease and deliver to BDC, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;

(j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Lands; and

(k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

7. MORTGAGE OF CONDOMINIUM UNIT

If the Lands include a condominium unit:

(a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;

(b) you shall pay, on or before the due date thereof, each and every assessment, contribution, expense, fine or levy made by or on behalf of the Condo Corporation in respect of the Lands;

(c) you will forward to BDC within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;

(d) you agree that nothing done by BDC in protecting its interests in the Lands, including without limiting the generality of the foregoing BDC exercising your right to vote as provided in the applicable condominium legislation generally, shall render BDC a mortgagee in possession;

(e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by BDC, vote in such manner as BDC directs with respect to each and every matter to be voted;

(f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to BDC written notice of the meeting specifying the place, date, hour and purpose of the meeting;

(g) you hereby authorize any of BDC's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to BDC copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and

(h) in the event of any occurrence or event whereby BDC, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations, BDC shall be at liberty to demand immediate repayment of the Principal Sum.

8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

(a) you transfer and assign to BDC absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and

(b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and

(c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9. COVENANTS

You covenant with BDC that:

(a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify BDC of any damage to the Lands;

(b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;

(c) you have done no act to encumber the Lands, except as set out herein;

(d) you will execute or provide such further assurances as BDC may reasonably require and shall do so at your expense;

(e) you shall discharge any debt or obligation that may be the subject of a demand upon BDC or an agent of BDC in the event that BDC enforces one of the remedies;

(f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to BDC the receipts for those payments;

(g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to BDC the receipts.

(h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;

(i) on default BDC may enter and have quiet enjoyment of the Lands;

(j) you shall do all acts necessary to give BDC access from time to time to the Lands;

(k) you shall carry on, in a proper business-like manner, the business or businesses you have represented to BDC as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business.

(l) you will not change, or agree to any change of, the present use of the Lands without BDC's prior express written consent;

(m) you will not permit any of the following activities to occur on the Lands:

- businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
- businesses trading with countries that are proscribed by the Federal Government;
- businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
- businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by an act any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under *The Builders' Lien Act* of Saskatchewan:

(a) You hereby assign to BDC such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to BDC for the expropriation of its interest in the Lands by the expropriating authority.

(b) You shall forward to BDC copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof forthwith upon receipt of the said documentation by it.

(c) Notwithstanding anything to the contrary contained herein, if you or BDC receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of BDC, the whole of the Secured Obligations (including principal, interest and compensation payments) under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired.

(d) Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to BDC in accordance with the terms of the assignment contained herein.

11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of BDC being first obtained; and you shall not use the Lands or permit the Lands to be used, without BDC's written consent, for a purpose other than that disclosed to BDC in the application for this mortgage. If, with BDC's written consent, you commence work on the Lands, the following will apply:

(a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations; and, when so required by BDC, supply BDC with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by BDC that construction is being completed in accordance with such requirements; it being understood and agreed that BDC, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;

(b) If any part of the development remains unfinished and without any work being done for a period of ten consecutive days, BDC may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as BDC may see fit, and any monies expended by BDC pursuant to this paragraph shall constitute part of the Secured Obligations;

(c) BDC shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by BDC until BDC has inspected the same and any defects in the construction or variation in construction as reported to BDC by its consultants shall be promptly corrected by you to the satisfaction of BDC;

(d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide BDC with such books, payrolls or other records, receipts, certificates and declarations as BDC may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and,

(e) BDC shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under *The Builders' Lien Act* of Saskatchewan; provided that if BDC makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by BDC, such holdbacks shall not constitute the lien fund under the said Act and BDC shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

12. INSURANCE

While this mortgage is in effect you will:

(d) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require;

(e) cause the insurance policy or policies required by this mortgage to name BDC as a loss payee as BDC's interest may appear in respect of the Lands, and include a standard mortgage clause as approved by the Insurance Bureau of Canada;

(f) pay all premiums respecting such insurance, and deliver all policies to BDC if required;

(g) upon request, immediately assign, transfer and deliver over to BDC each and every policy or policies of insurance and all receipts pertaining to same;

(h) on the happening of any loss or damage to the Lands, immediately notify and furnish to BDC, at your expense, all necessary proofs and do all necessary acts to enable BDC to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf; and

(i) authorize and direct the insurer under any required policy of insurance to include BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC considers necessary for the protection of BDC's interest. If proceeds of any required insurance become payable, BDC may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as BDC sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly waive all your rights and benefits under *The Insurance Act* and the *Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

13. ENVIRONMENTAL MATTERS

13.1 Definitions

For the purposes of this article 13:

(a) **"Environmental/Hazardous Materials Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Lands relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;

(b) "**Environmental/Hazardous Materials Laws**" means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Wastes/Hazardous Materials;

(c) "**Hazardous Materials**" means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.

(d) "**Environmental Authority**" means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and

(e) "**Environmental Risks**" means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

13.2 Environmental Representations

You represent, warrant, covenant and promise to BDC that:

(a) The Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to BDC and approved by BDC in writing.

(b) The Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands.

(c) You possess and will maintain all environmental licenses, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licenses, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without BDC's prior written consent and only upon full compliance with BDC's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets.

(d) You will advise BDC immediately upon becoming aware of any Environmental Risks.

(e) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide BDC with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and all environmental studies or assessments prepared for you, and you consent to BDC contacting and making enquiries of environmental officials or assessors.

(f) You have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff are trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials.

(g) You will from time to time and at any time required by BDC, provide evidence satisfactory to BDC that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if BDC considers it necessary, cause such inspections, reports and audits and provide the results thereof to BDC as it may require. You shall pay, the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to BDC. The scope of any environmental audit shall be at BDC's sole discretion, and the auditor performing or conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

13.3 Environmental Repair

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, BDC may, after notice to you and the expiration of the earlier of:

(a) any applicable cure period under this mortgage charge; or

(b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection therewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of BDC, may declare this mortgage to be in default.

13.4 Environmental Assessments and Audits

It is expressly understood that BDC has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to BDC copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

13.5 Exclusion of Liability

No action taken by BDC in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute BDC as a mortgagee in possession and BDC by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and BDC's right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

13.6 Indemnity

You hereby indemnify BDC, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

(a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;

(b) all costs of every kind and nature whatsoever incurred by BDC directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and

(c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by BDC with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including by "Rice Order") of the Lands and any other exercise of BDC's rights hereunder or under any security collateral hereto.

14. POWERS AND PROTECTIVE DISBURSEMENTS

BDC and any of its agents, may at such time and from time to time, as BDC deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of your interest, as BDC may deem expedient, and BDC may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, BDC may:

(a) retire fees, expenses and borrowings of a receiver;

(b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as BDC may find advisable;

(c) discharge any lien, mortgage or encumbrance which, in the opinion of BDC, has priority over this mortgage;

(d) improve the title of BDC or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from BDC after your interest in the Lands has been foreclosed;

(e) discharge any debt or obligation which BDC may find should be discharged in order to better market, sell or protect the Lands;

(f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;

(g) cause your books and records to be audited and the financial health of your business to be investigated;

(h) retire the fees, commissions or expenses of any agent retained by BDC to market the Lands;

(i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses of solicitors who act on behalf of BDC in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;

(j) pay the fees and expenses of a trustee in Bankruptcy of the Borrower, should BDC determine to make itself liable for such;

(k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, BDC's title to the Lands, or the priority of BDC's interest in the Lands;

(l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and

(m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". BDC is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that BDC's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

(a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in BDC's favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;

(b) if any representation, warranty or statement made to BDC either by you or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;

(c) If you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors

(d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or you permit the acceleration of any indebtedness (other than Secured Obligations) owed by you to any creditor other than BDC;

(e) if a Receiver, trustee or similar official of any of your property is appointed;

(f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;

(g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;

(h) if the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;

(i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;

(j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;

(k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise disposes of or parts with possession of any of the Lands or agrees to do so;

(l) if you are in arrears of payment to any taxing authority;

(m) if you cause or allow Hazardous Materials to be brought upon the Lands or incorporated into any of your assets without BDC's prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;

(n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by BDC;

(o) if BDC deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or

(p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of BDC, without notice to you, BDC's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, BDC chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of BDC's rights under this clause in respect of any other default.

16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT

BDC may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of BDC's intention to exercise the remedy or remedies. If BDC chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting BDC's intention or to give you reasonable time for payment.

17. ENFORCEMENT

17.1 Enforcement. Upon the occurrence of an Event of Default BDC may declare any or all of the Secured Obligations immediately due and payable, and BDC's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

(a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;

(b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as BDC, in its our absolute discretion, may determine;

(c) collect all Assigned Rents and other assets BDC holds as security for the Secured Obligations;

(d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which BDC holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as BDC may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. BDC may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;

(e) exercise any or all of your rights and remedies in respect of the Lands;

(f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as BDC may determine, and in BDC's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but BDC shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;

(g) exercise any other rights and remedies under this mortgage; or

(h) exercise any other right and power a Receiver could exercise.

BDC shall not be liable for any debts BDC contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfilment of contracts during any period when BDC takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

17.2 Receiver. A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

(j) take possession of and enter upon the Lands;

(k) sell or lease or concur in selling or leasing of the Lands;

(l) make any arrangement or compromise which it shall think expedient;

(m) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and

(n) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

17.3 Application of Proceeds. Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it, **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligations in such manner and order as we shall, in our absolute discretion, deem advisable and, **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

17.4 Appointment of Attorney. You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY

Once BDC has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as BDC may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, BDC's failure to maintain or insure the Lands, BDC's failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "BDC" includes the receiver).

Further, BDC may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that BDC considers advisable and no realization or exercise by BDC of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to BDC are cumulative and not restrictive of remedies at law and in equity and by statute.

19. RELEASES

You are and will not be released from any of your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of BDC releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of BDC releasing any security held to secure payment of the Secured Obligations. BDC is only accountable for money actually received by it in consideration of the release of any person or security.

20. INDULGENCES

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as BDC sees fit in its absolute discretion and without prejudice to your liability or BDC's rights or remedies. You agree that you will not be released nor your liability in any way reduced because BDC has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

21. SASKATCHEWAN LAW

Where land or leasehold land or both situate in the Province of Saskatchewan are, by a corporation, granted as security by this mortgage:

(a) that *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act* of Saskatchewan, respecting this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of

BDC under this mortgage or any charge created by this mortgage as BDC is specifically exempted from the operation of that Act; and

(b) that *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any mortgage or charge created by this mortgage.

(c) that if it is an agricultural corporation, as defined in *The Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this mortgage, and agrees that the provisions of Part IV of *The Saskatchewan Farm Security Act*, other than Section 46, shall not apply to you.

22. ASSIGNS

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of BDC, its successors and its assigns.

23. BORROWER AUTHORITY

You hereby represent and warrant to BDC that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to BDC.

24. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

25. FURTHER ASSURANCES

You shall execute and deliver to BDC upon request any further or additional documentation which BDC in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.

The Borrower has properly executed and sealed this mortgage on the day and year stated on the first page.

(seal) ASSINIBOIA RUBBER RECYCLING INC. Seal

ASSINIBOIA RUBBER RECYCLING INC.

Per: [signature]
Authorized Signatory

THIS IS EXHIBIT "P" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

MORTGAGE

MORTGAGOR: PERMALIFE PRODUCTS (CANADA) INC.

the "Borrower",

MORTGAGEE: BUSINESS DEVELOPMENT BANK OF CANADA

"BDC",

DATED: the 17 day of July, 2009.

FOR: **$100,000.00 (the "Principal Sum") and other indebtedness.**

the Borrower, being or entitled to be registered as owner of, an estate in fee simple (or such other estate as hereinafter provided) subject, however to such encumbrances, liens and interests, as are notified by memorandum underwritten (or endorsed hereon) that piece or pieces of land described as follows:

Surface Parcel #104499546
Block V, Plan No. 80MJ10113, Extension 0

(the "Lands")

IN CONSIDERATION of the Principal Sum lent to the Borrower by BDC, incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec, with a Branch Office at Winnipeg, Manitoba:

the receipt of which sum is hereby acknowledged, the Borrower hereby mortgages and charges its entire estate and interest in the Lands as security for repayment of the Secured Obligations, not to exceed $100,000.00 together with interest and costs, and acknowledges and covenants with BDC, as follows:

1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to BDC.

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to BDC as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by BDC from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers.

2. DEBT

You promise to pay to BDC, at such office of BDC as we may direct the aggregate of:

(a) the Principal Sum outstanding from time to time;

(b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to BDC (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, protective disbursements, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to BDC, as principal, guarantor, indemnitor, surety or otherwise;

(c) interest on the Principal Sum at an annual rate equal to the floating base rate of the announced from to time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and BDC have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligations then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligations the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;

(d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and

(e) interest on each protective disbursement from the day the protective disbursement (as hereinafter defined) is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum.

3. READVANCES

It is our mutual intention that BDC may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in, *The Land Titles Act* or *The Land Titles Act, 2000* of Saskatchewan. This mortgage is and shall be a continuing security to BDC for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by BDC in one or more advances at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and BDC gives written notice to you that you will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

4. SECURITY

As security for payment of the Secured Obligations, and for the performance of your other obligations under this agreement, you grant, bargain and sell to BDC the Lands (including fixtures, appurtenances, leasehold improvements and rights of way). This mortgage is void upon payment of the Secured Obligations and the performance of those other obligations. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

5. FIXTURES

In this mortgage the expression "the Lands" includes fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

6. MORTGAGE OF LEASE

If your interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

(a) you hereby demise, sub-lease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to BDC, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for BDC to be assigned or disposed of as BDC or anyone claiming through BDC may direct, and BDC shall have power on any realization to appoint a new person as Trustee of the reversion;

(b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;

(c) you represent to BDC that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to BDC, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;

(d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;

(e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without BDC's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;

(f) you will promptly notify BDC in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to BDC;

(g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;

(h) you will not during the continuance of this mortgage, without BDC's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;

(i) you will promptly obtain from the lessor under the lease and deliver to BDC, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;

(j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Lands; and

(k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

7. MORTGAGE OF CONDOMINIUM UNIT

If the Lands include a condominium unit:

(a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;

(b) you shall pay, on or before the due date thereof, each and every assessment, contribution, expense, fine or levy made by or on behalf of the Condo Corporation in respect of the Lands;

(c) you will forward to BDC within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;

(d) you agree that nothing done by BDC in protecting its interests in the Lands, including without limiting the generality of the foregoing BDC exercising your right to vote as provided in the applicable condominium legislation generally, shall render BDC a mortgagee in possession;

(e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by BDC, vote in such manner as BDC directs with respect to each and every matter to be voted;

(f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to BDC written notice of the meeting specifying the place, date, hour and purpose of the meeting;

(g) you hereby authorize any of BDC's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to BDC copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and

(h) in the event of any occurrence or event whereby BDC, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations, BDC shall be at liberty to demand immediate repayment of the Principal Sum.

8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

(a) you transfer and assign to BDC absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and

(b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and

(c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9. COVENANTS

You covenant with BDC that:

(a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify BDC of any damage to the Lands;

(b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;

(c) you have done no act to encumber the Lands, except as set out herein;

(d) you will execute or provide such further assurances as BDC may reasonably require and shall do so at your expense;

(e) you shall discharge any debt or obligation that may be the subject of a demand upon BDC or an agent of BDC in the event that BDC enforces one of the remedies;

(f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to BDC the receipts for those payments;

(g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to BDC the receipts.

(h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;

(i) on default BDC may enter and have quiet enjoyment of the Lands;

(j) you shall do all acts necessary to give BDC access from time to time to the Lands;

(k) you shall carry on, in a proper business-like manner, the business or businesses you have represented to BDC as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business.

(l) you will not change, or agree to any change of, the present use of the Lands without BDC's prior express written consent;

(m) you will not permit any of the following activities to occur on the Lands:

- businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
- businesses trading with countries that are proscribed by the Federal Government;
- businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
- businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by an act any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under *The Builders' Lien Act* of Saskatchewan:

(a) You hereby assign to BDC such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to BDC for the expropriation of its interest in the Lands by the expropriating authority.

(b) You shall forward to BDC copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof forthwith upon receipt of the said documentation by it.

(c) Notwithstanding anything to the contrary contained herein, if you or BDC receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of BDC, the whole of the Secured Obligations (including principal, interest and compensation payments) under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired.

(d) Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to BDC in accordance with the terms of the assignment contained herein.

11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of BDC being first obtained; and you shall not use the Lands or permit the Lands to be used, without BDC's written consent, for a purpose other than that disclosed to BDC in the application for this mortgage. If, with BDC's written consent, you commence work on the Lands, the following will apply:

(a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations; and, when so required by BDC, supply BDC with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by BDC that construction is being completed in accordance with such requirements; it being understood and agreed that BDC, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;

(b) If any part of the development remains unfinished and without any work being done for a period of ten consecutive days, BDC may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as BDC may see fit, and any monies expended by BDC pursuant to this paragraph shall constitute part of the Secured Obligations;

(c) BDC shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by BDC until BDC has inspected the same and any defects in the construction or variation in construction as reported to BDC by its consultants shall be promptly corrected by you to the satisfaction of BDC;

(d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide BDC with such books, payrolls or other records, receipts, certificates and declarations as BDC may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and,

(e) BDC shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under *The Builders' Lien Act* of Saskatchewan; provided that if BDC makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by BDC, such holdbacks shall not constitute the lien fund under the said Act and BDC shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

12. INSURANCE

While this mortgage is in effect you will:

(d) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require;

(e) cause the insurance policy or policies required by this mortgage to name BDC as a loss payee as BDC's interest may appear in respect of the Lands, and include a standard mortgage clause as approved by the Insurance Bureau of Canada;

(f) pay all premiums respecting such insurance, and deliver all policies to BDC if required;

(g) upon request, immediately assign, transfer and deliver over to BDC each and every policy or policies of insurance and all receipts pertaining to same;

(h) on the happening of any loss or damage to the Lands, immediately notify and furnish to BDC, at your expense, all necessary proofs and do all necessary acts to enable BDC to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf; and

(i) authorize and direct the insurer under any required policy of insurance to include BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC considers necessary for the protection of BDC's interest. If proceeds of any required insurance become payable, BDC may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as BDC sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly waive all your rights and benefits under *The Insurance Act* and the *Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

13. ENVIRONMENTAL MATTERS

13.1 Definitions

For the purposes of this article 13:

(a) **"Environmental/Hazardous Materials Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Lands relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;

(b) "**Environmental/Hazardous Materials Laws**" means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Wastes/Hazardous Materials;

(c) "**Hazardous Materials**" means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.

(d) "**Environmental Authority**" means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and

(e) "**Environmental Risks**" means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

13.2 Environmental Representations

You represent, warrant, covenant and promise to BDC that:

(a) The Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to BDC and approved by BDC in writing.

(b) The Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands.

(c) You possess and will maintain all environmental licenses, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licenses, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without BDC's prior written consent and only upon full compliance with BDC's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets.

(d) You will advise BDC immediately upon becoming aware of any Environmental Risks.

(e) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide BDC with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and all environmental studies or assessments prepared for you, and you consent to BDC contacting and making enquiries of environmental officials or assessors.

(f) You have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff are trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials.

(g) You will from time to time and at any time required by BDC, provide evidence satisfactory to BDC that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if BDC considers it necessary, cause such inspections, reports and audits and provide the results thereof to BDC as it may require. You shall pay, the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to BDC. The scope of any environmental audit shall be at BDC's sole discretion, and the auditor performing or conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

13.3 Environmental Repair

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, BDC may, after notice to you and the expiration of the earlier of:

(a) any applicable cure period under this mortgage charge; or

(b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection therewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of BDC, may declare this mortgage to be in default.

13.4 Environmental Assessments and Audits

It is expressly understood that BDC has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to BDC copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

13.5 Exclusion of Liability

No action taken by BDC in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute BDC as a mortgagee in possession and BDC by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and BDC's right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

13.6 Indemnity

You hereby indemnify BDC, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

(a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;

(b) all costs of every kind and nature whatsoever incurred by BDC directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and

(c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by BDC with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including by "Rice Order") of the Lands and any other exercise of BDC's rights hereunder or under any security collateral hereto.

14. POWERS AND PROTECTIVE DISBURSEMENTS

BDC and any of its agents, may at such time and from time to time, as BDC deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of your interest, as BDC may deem expedient, and BDC may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, BDC may:

(a) retire fees, expenses and borrowings of a receiver;

(b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as BDC may find advisable;

(c) discharge any lien, mortgage or encumbrance which, in the opinion of BDC, has priority over this mortgage;

(d) improve the title of BDC or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from BDC after your interest in the Lands has been foreclosed;

(e) discharge any debt or obligation which BDC may find should be discharged in order to better market, sell or protect the Lands;

(f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;

(g) cause your books and records to be audited and the financial health of your business to be investigated;

(h) retire the fees, commissions or expenses of any agent retained by BDC to market the Lands;

(i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses of solicitors who act on behalf of BDC in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;

(j) pay the fees and expenses of a trustee in Bankruptcy of the Borrower, should BDC determine to make itself liable for such;

(k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, BDC's title to the Lands, or the priority of BDC's interest in the Lands;

(l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and

(m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". BDC is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that BDC's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

(a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in BDC's favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;

(b) if any representation, warranty or statement made to BDC either by you or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;

(c) If you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors

(d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or you permit the acceleration of any indebtedness (other than Secured Obligations) owed by you to any creditor other than BDC;

(e) if a Receiver, trustee or similar official of any of your property is appointed;

(f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;

(g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;

(h) if the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;

(i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;

(j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;

(k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise disposes of or parts with possession of any of the Lands or agrees to do so;

(l) if you are in arrears of payment to any taxing authority;

(m) if you cause or allow Hazardous Materials to be brought upon the Lands or incorporated into any of your assets without BDC's prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;

(n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by BDC;

(o) if BDC deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or

(p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of BDC, without notice to you, BDC's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, BDC chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of BDC's rights under this clause in respect of any other default.

16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT

BDC may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of BDC's intention to exercise the remedy or remedies. If BDC chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting BDC's intention or to give you reasonable time for payment.

17. ENFORCEMENT

17.1 Enforcement. Upon the occurrence of an Event of Default BDC may declare any or all of the Secured Obligations immediately due and payable, and BDC's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

(a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;

(b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as BDC, in its our absolute discretion, may determine;

(c) collect all Assigned Rents and other assets BDC holds as security for the Secured Obligations;

(d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which BDC holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as BDC may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. BDC may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;

(e) exercise any or all of your rights and remedies in respect of the Lands;

(f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as BDC may determine, and in BDC's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but BDC shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;

(g) exercise any other rights and remedies under this mortgage; or

(h) exercise any other right and power a Receiver could exercise.

BDC shall not be liable for any debts BDC contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfilment of contracts during any period when BDC takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

17.2 Receiver. A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

(j) take possession of and enter upon the Lands;

(k) sell or lease or concur in selling or leasing of the Lands;

(l) make any arrangement or compromise which it shall think expedient;

(m) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and

(n) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

17.3 Application of Proceeds. Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it, **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligations in such manner and order as we shall, in our absolute discretion, deem advisable and, **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

17.4 Appointment of Attorney. You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY

Once BDC has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as BDC may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, BDC's failure to maintain or insure the Lands, BDC's failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "BDC" includes the receiver).

Further, BDC may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that BDC considers advisable and no realization or exercise by BDC of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to BDC are cumulative and not restrictive of remedies at law and in equity and by statute.

19. RELEASES

You are and will not be released from any of your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of BDC releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of BDC releasing any security held to secure payment of the Secured Obligations. BDC is only accountable for money actually received by it in consideration of the release of any person or security.

20. INDULGENCES

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as BDC sees fit in its absolute discretion and without prejudice to your liability or BDC's rights or remedies. You agree that you will not be released nor your liability in any way reduced because BDC has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

21. SASKATCHEWAN LAW

Where land or leasehold land or both situate in the Province of Saskatchewan are, by a corporation, granted as security by this mortgage:

(a) that *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act* of Saskatchewan, respecting this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of

BDC under this mortgage or any charge created by this mortgage as BDC is specifically exempted from the operation of that Act; and

(b) that *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any mortgage or charge created by this mortgage.

(c) that if it is an agricultural corporation, as defined in *The Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this mortgage, and agrees that the provisions of Part IV of *The Saskatchewan Farm Security Act*, other than Section 46, shall not apply to you.

22. ASSIGNS

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of BDC, its successors and its assigns.

23. BORROWER AUTHORITY

You hereby represent and warrant to BDC that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to BDC.

24. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

25. FURTHER ASSURANCES

You shall execute and deliver to BDC upon request any further or additional documentation which BDC in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.

The Borrower has properly executed and sealed this mortgage on the day and year stated on the first page.

PERMALIFE PRODUCTS (CANADA) INC.

(seal)

Per: ______________________

Authorized Signatory

THIS IS EXHIBIT "Q" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

Signed-In Client #: 104611508 (Grie

Search Results Details

Search Result List

Searching Party:	McDougall Gauley	Search #:	201696689
Search Date:	21-May-2014 11:11:29	Client Reference #:	502544.42 IAS:cgg
Search Type:	Standard		

Search Criteria

Search By: Business Debtor Name

Business Name
ASSINIBOIA RUBBER RECYLING INC.

The following list displays all matches & indicates the ones that were selected.

12 Registration(s) Found: Exacts (0) - Similars (12)

Select	Match	Registration #	Debtor Name	City
No	Similar	107608745	ASSINIBOIA RADIATOR & TRANSMISSION (1991) LTD.	Assiniboia
No	Similar	300550989	ASSINIBOIA REGIONAL PARK AUTHORITY	ASSINIBOIA
No	Similar	300993463	ASSINIBOIA REGIONAL PARK AUTHORITY	ASSINIBOIA
No	Similar	115513124	ASSINIBOIA RENT-IT CENTER	ASSINIBOIA
Yes	Similar	300413228	Assiniboia Rubber Recycling Inc.	ASSINIBOIA
Yes	Similar	300482598	ASSINIBOIA RUBBER RECYCLING INC.	REGINA
Yes	Similar	300482598	Assiniboia Rubber Recycling Inc.	Assiniboia
Yes	Similar	300499741	Assiniboia Rubber Recycling Inc.	Weyburn
Yes	Similar	300575278	Assiniboia Rubber Recycling Inc.	Assiniboia
Yes	Similar	300932971	Assiniboia Rubber Recycling Inc.	Assiniboia
Yes	Similar	300980590	Assiniboia Rubber Recycling Inc.	Assiniboia
Yes	Similar	301008978	Assiniboia Rubber Recycling Inc.	Assiniboia

12 Registration(s) Found: Exacts (0) - Similars (12)

Registrations

Current - Similar

Registration Type:	Personal Property Security Agreement	Registration #:	300413228
Registration Date:	06-Jan-2009 13:49:16	Expiry Date:	06-Jan-2019

Event Type: Amendment
Transaction Reason: Regular

Notations
Trust Indenture: NO

Registrant

Party ID: 151220943 1
Entity Type: Business
Name: CANADIAN SECURITIES REGISTRATION SYSTEMS
Address: 939 EGLINTON AVE. EAST, SUITE 201
TORONTO, Ontario
M4G4H7
Canada

Secured Party

Item #: 7
Party ID:
Entity Type: Business
Name: THE TORONTO-DOMINION BANK
Address: 16TH FL E&Y TOWER 222 BAY ST
Toronto, Ontario
M5K1A2
Canada

Debtor Party

Item #:
Party ID: 151965084 1
Entity Type: Business
Name:
Address: 631 CAMPBELL STREET
ASSINIBOIA Saskatchewan
S0H0B0

General Property

FOREIGN EXCHANGE MASTER AGREEMENT AND ASSIGNMENT OF CREDIT BALANCES

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 16-Jul-2009 08:48:23
Registration #: 300482598
Expiry Date: 23-Apr-2030

Event Type: Amendment
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID: 150001206 - 1
Entity Type: Business
Name: BUSINESS DEVELOPMENT BANK OF CANADA
Address: MAIN FLOOR, PO BOX 6, 505 BURRARD STREET
VANCOUVER,, BC
V7X1V3
Canada

Secured Party

Item #: 1
Party ID: 150929293 - 1
Entity Type: Business
Name: Business Development Bank of Canada
Address: Suite 1100
155 Carlton Street
Winnipeg, Manitoba
R3C3H8
Canada

Debtor Party

***Item #:** 1
Party ID: 150929294 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.
Address: 631 Campbell Street
Assiniboia, Saskatchewan
S0H0B0
Canada

Item #: 2
Party ID: 150929295 - 1
Entity Type: Business
Name: Permalife Products (Canada) Inc.
Address: Box 2019
Assiniboia, Saskatchewan
S0H0B0
Canada

***Item #:** 3
Party ID: 151007657 - 1
Entity Type: Business
Name: ASSINIBOIA RUBBER RECYCLING INC.
Address: #550 - 2220 - 12TH AVENUE
REGINA, Saskatchewan
S4P0M8
Canada

Serial Property

Item #: 1
Serial Type: Motor Vehicle
Serial #: 0162FWYHCXBYAG54580
Override: Yes
Year:
Make/Desc.: STERLING AT9513CHS
Model:
Color:

Item #: 2
Serial Type: Trailer
Serial #: 1PNR532N6NGB73128
Override: No
Year:
Make/Desc.: PINE TRAILER
Model:
Color:

Item #: 3
Serial Type: Trailer
Serial #: 1PNR531N7NGB73137
Override: No
Year:
Make/Desc.: PINE TRAILER
Model:
Color:

Item #: 4
Serial Type: Trailer
Serial #: 1PNR532N4NGB73175
Override: No
Year:
Make/Desc.: PINE TRAILER
Model:
Color:

Item #: 5
Serial Type: Motor Vehicle
Serial #: 1DW1A5329WS167984
Override: Yes
Year:
Make/Desc.: STOUGHTON TRAILER
Model:
Color:

Item #: 6
Serial Type: Trailer
Serial #: 1DW1A5323WS167973
Override: No
Year:
Make/Desc.: STOUGHTON TRAILER
Model:
Color:

Item #: 7
Serial Type: Trailer
Serial #: 1DW1A5320WS167977
Override: No
Year:
Make/Desc.: STOUGHTON TRAILER
Model:
Color:

Item #: 8
Serial Type: Trailer
Serial #: 1DW1A5327WS167832
Override: No
Year:
Make/Desc.: STOUGHTON TRAILER
Model:
Color:

General Property

All of the Debtor's present and after acquired personal property. The security interest of #300071066 is postponed in favour of this registration pursuant to Section 40(1) of The Personal Property Security Act, 1993 (Saskatchewan).

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 01-Sep-2009 11:11:30
Registration #: 300499741
Expiry Date: 01-Sep-2014

Event Type: Setup
Transaction Reason: Regular

Transaction Description: TD GSA/Assiniboia Rubber Recycling Inc.

Notations
Trust Indenture: No

Registrant

Party ID: 150274254 - 1
Entity Type: Business
Name: GERRAND RATH JOHNSON
Address: 700 - 1914 HAMILTON STREET
REGINA, Saskatchewan
S4P3N6
Canada

Secured Party

Item #: 1
Party ID: 150037734 - 1
Entity Type: Business
Name: The Toronto-Dominion Bank
Address: 1904 Hamilton Street
Regina, Saskatchewan
S4P3N5
Canada

Debtor Party

*Item #: 1
Party ID: 150958934 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.
Address: 206 Hill Avenue
Weyburn, Saskatchewan
S4H1M5
Canada

Serial Property

Item #: 1
Serial Type: Motor Vehicle
Serial #: 0162FWYHCXBYAG54580
Override: Yes
Year:
Make/Desc.: Sterling AT9513CHS
Model:
Color:

Item #: 2
Serial Type: Trailer
Serial #: 1PNR532N6NGB73128
Override: No
Year:
Make/Desc.: Pine Trailer
Model:
Color:

Item #: 3
Serial Type: Trailer
Serial #: 1PNR531N7NGB73137
Override: No
Year:
Make/Desc.: Pine Trailer
Model:
Color:

Item #: 4
Serial Type: Trailer
Serial #: 1PNR532N4NGB73175
Override: No
Year:
Make/Desc.: Pine Trailer
Model:
Color:

Item #: 5
Serial Type: Trailer
Serial #: 1DW1A5329WS167984
Override: No
Year:
Make/Desc.: Stoughton Trailer
Model:
Color:

Item #: 6
Serial Type: Trailer
Serial #: 1DW1A5323WS167973
Override: No
Year:
Make/Desc.: Stoughton Trailer
Model:
Color:

Item #: 7
Serial Type: Trailer
Serial #: 1DW1A5320WS167977
Override: No
Year:
Make/Desc.: Stoughton Trailer
Model:
Color:

Item #: 8
Serial Type: Trailer
Serial #: 1DW1A5327WS167832
Override: No
Year:
Make/Desc.: Stoughton Trailer
Model:
Color:

General Property

All of the Debtor's present and after-acquired property

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 20-Apr-2010 16:02:03
Registration #: 300575278
Expiry Date: 20-Apr-2017

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID: 150381110 - 1
Entity Type: Business
Name: SOUTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION
Address: 88 SASKATCHEWAN ST. E.
MOOSE JAW,, Saskatchewan
S6H0V4
Canada

Secured Party

Item #: 1
Party ID: 150381110 - 1
Entity Type: Business
Name: SOUTH CENTRAL COMMUNITY FUTURES DEVELOPMENT CORPORATION
Address: 88 SASKATCHEWAN ST. E.
MOOSE JAW,, Saskatchewan
S6H0V4
Canada

Debtor Party

Item #: 1
Party ID: 151085547 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.
Address: 631 Campbell St
Assiniboia, Saskatchewan
[illegible]
Canada

Serial Property

Item #: 1
Serial Type: Trailer
Serial #: HSO107A30
Override: No

Year:
Make/Desc.: Selco Open End Auto Tie Baler
Model: HSO-107A30
Color:

Item #: 2
Serial Type: Motor Vehicle
Serial #: 1CDL7H1C921513305
Override: Yes

Year: 2002
Make/Desc.: GMC
Model: C7500
Color: White

General Property

ALL OF DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, PURCHASE MONEY SECURITY CLAIMED. PROCEEDS: GOODS, CHATTEL PAPER SECURITIES, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND INTANGIBLES.

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 01-Oct-2012 13:38:43
Registration #: 300932971
Expiry Date: 01-Oct-2018

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: NO

Registrant

Party ID: 150000519 - 1
Entity Type: Business
Name: Canadian Securities Registration Systems
Address: 4126 Norland Avenue
Burnaby, British Columbia
V5G3S8
Canada

Secured Party

Item #: 1
Party ID: 151656048 - 1
Entity Type: Business
Name: De Lage Landen Financial Services Canada Inc.
Address: 3450 SUPERIOR COURT, UNIT 1
OAKVILLE, Ontario
L6L0C4
Canada

Debtor Party

***Item #:** 1
Party ID: 150929294 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.
Address: 631 Campbell Street
Assiniboia, Saskatchewan
S0H0B0
Canada

Serial Property

Item #: 1
Serial Type: Motor Vehicle
Serial #: HHKHHF19VC0000256
Override: Yes

Year: 2012
Make/Desc.: Hyundai
Model: 30L7M Forklift
Color:

General Property

All goods of the debtor described herein by vehicle identification number or serial number, as applicable, wherever situated, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or anypart of the foregoing. Proceeds: all of the debtor's present and after acquired personal property which is derived, directly or indirectly, from any dealing or disposition of the above-described collateral, including without limitation, all insurance and other payments payable as indemnity or compensation forloss or damage thereto, accounts, rents or other paymentsarising from the lease of the above-described collateral, goods, chattel paper, investment property, documents of title, instruments, money, cheques, deposits, securities and intangibles.

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 30-Jan-2013 13:05:27
Registration #: 300980590
Expiry Date: 30-Jan-2019

Event Type: Amendment
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID: 151822008 - 1
Entity Type: Business
Name: MINISTRY OF THE ECONOMY
Address: 300-2103-11th AVENUE
REGINA, Saskatchewan
S4P3Z8
Canada

Secured Party

Item #: 1
Party ID: 151643063 - 1
Entity Type: Business
Name: Ministry of Economy
Address: 200 - 3085 Albert Street
Regina, Saskatchewan
S4S0B1
Canada

Debtor Party

Item #: 1
Party ID: 150166966 - 1
Entity Type: Business
Name: Assiniboia Business Development Co-operative
Address: Box 1470
ASSINIBOIA, Saskatchewan
S0H0B0
Canada

***Item #:** 2
Party ID: 151753352 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.
Address: Box 2019
631 Campbell Street
Assiniboia, Saskatchewan
S0H0B0
Canada

General Property

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY AND THE PROCEEDS THEREOF: Shred tech knives machine.

Current - Similar

Registration Type: Personal Property Security Agreement
Registration Date: 12-Apr-2013 09:35:36
Registration #: 301008978
Expiry Date: 12-Apr-2028

Event Type: Setup
Transaction Reason: Regular

Notations
Trust Indenture: No

Registrant

Party ID: 151378470 - 1
Entity Type: Business
Name: McKercher LLP
Address: 500 - 2220 12th Avenue
Regina, Saskatchewan
S4P0M8
Canada

Secured Party

Item #: 1
Party ID: 151799454 - 1
Entity Type: Business
Name: Les Brookton, Inc.
Address: 23501 Cinco Ranch Blvd., B-225
Katy, Texas
77494
United States of America

Debtor Party

***Item #:** 1
Address: 301 - 1st Ave. NE

Party ID: 151799455 - 1
Entity Type: Business
Name: Assiniboia Rubber Recycling Inc.

Assiniboia, Saskatchewan
S0H0B0
Canada

General Property

- All rubber Inventory of the Debtor wherever situated, and including all such Inventory as may be returned to or repossessed by the Debtor from time to time (the "Debtor Inventory", provided that the "inventory" referred in here is equivalent to "Inventory" as defined under the The Personal Property Security Act, 1993 (Saskatchewan)); all contractual rights and insurance claims relating to the Debtor Inventory; - all Accounts, claims, book debts, dues, choses in action and demands of every nature and kind howsoever arising, which are now due, owing or accruing or growing due to or owned by or which may hereafter come due, owing or accruing or growing due to or owned by Debtor, in respect of the Debtor Inventory; - all deeds, documents, writings, papers, ledgers, books of account, records, computer print-outs and other computer prepared information, microfilm, and all other books relating to or being records of Debtor Inventory and all Proceeds thereof or by which the Debtor Inventory or the Proceeds are or may hereafter be secured, made payable, evidenced or acknowledged, including all Instruments, Documents of Title (whether negotiable or not) and Chattel Paper or by which such are or may hereafter be secured, evidenced, acknowledged or made payable; and - all Proceeds and renewals of the foregoing, and all accretions thereto and substitutions therefor.

Historical information for the registration(s) returned by this search is available in your Output List.

End of Search Result

THIS IS EXHIBIT "R" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

BDC

PRIORITY AGREEMENT

THIS AGREEMENT DATED August 10, 2009.

AMONG:

BUSINESS DEVELOPMENT BANK OF CANADA

(hereinafter referred to as "BDC")

AND:

THE TORONTO-DOMINION BANK

(hereinafter referred to as the "Lender")

AND:

ASSINIBOIA RUBBER RECYCLING INC.

(hereinafter referred to as the "Customer")

WHEREAS:

A. The Customer has granted or agreed to grant to BDC security interests in all the Customer's present and after-acquired personal property to secure present and future debts and obligations of the Customer to BDC;

B The Customer has granted or agreed to grant to the Lender security interests in all of the Customer's present and after-acquired personal property, to secure present and future debts and obligations of the Customer to the Lender;

C. The parties hereto have agreed to enter into this agreement in order to set out the respective priorities of the BDC Security and the Lender Security;

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the parties hereto covenant and agree as follows:

ARTICLE 1 - CONSENT

1.01 BDC hereby acknowledges its consent to the creation and issuance by the Customer to the Lender of the Lender Security and to the incurring by the Customer of the Indebtedness evidenced thereby

1.02 The Lender hereby acknowledges its consent to the creation and issuance by the Customer to BDC of the BDC Security and to the incurring by the Customer of the Indebtedness evidenced thereby.

ARTICLE 2 - INTERPRETATION

2.01 The preamble hereto forms an Integral part of this Agreement.

In this Agreement, the following terms shall have the following meanings.

(a) "Accounts Receivable" means all debts, accounts, claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by the Customer, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action, provided that the term "Accounts Receivable" herein shall not include any proceeds from the sale, disposition or realization of the personal property of the Customer other than Accounts Receivables and Inventory;

(b) "BDC Security" means all security interests now or hereafter held by BDC in any or all of the Customer's present and after acquired personal property to secure present and future debts and obligations of the Customer to BDC;

(c) "Inventory" means all of the Customer's goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, raw materials, work in progress, finished goods, returned goods, repossessed goods, livestock and the young thereof after conception and crops and timber, and packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing.

(d) "Lender Security" means all security interests now or hereafter held by the Lender in any or all of the Customer's present and after acquired personal property to secure present and future debts and obligations of the Customer to the Lender;

ARTICLE 3 - PRIORITIES

3.01 (a) The BDC Security is hereby postponed and subordinated to the security constituted by the Lender Security with respect to the Inventory and the Accounts Receivable, to the extent of the Customer's indebtedness to the Lender from time to time, together with all accrued interest thereon and all costs of enforcement incurred by the Lender in connection therewith.

(b) The Lender Security is hereby postponed and subordinated to the security constituted by the BDC Security with respect to all of the Customer's present and after acquired personal property other than the Inventory and the Accounts Receivable, to the extent of the Customer's Indebtedness to BDC from time to time, together with all accrued interest thereon and all costs of enforcement incurred by BDC in connection therewith.

3.02 The subordinations and postponements herein shall apply in all events and circumstances regardless of:

(a) the date of execution, attachment, registration or perfection of any security interest held by BDC or the Lender; or

(b) the date of any advance or advances made to the Customer by BDC or the Lender; or

(c) the date of default by the Customer under any of the BDC Security or the Lender Security or the dates of crystallization of any floating charges held by BDC or the Lender; or

(d) any priority granted by any principle of law or any statute, including *The Personal Property Security Act.*

3.03 Any proceeds, including, without limitation, any insurance proceeds received by the Customer or by BDC or the Lender in respect of the collateral charged by the BDC Security or the Lender Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate subject to subparagraphs (a), (b) and (c):

(a) The Lender's priorities herein shall not extend to any payments against the Customer's indebtedness to BDC received by BDC in the ordinary course of business and prior to written notice of the Customer's default from the Lender;

(b) BDC's priorities herein shall not extend to any payments against the Customer's indebtedness to the Lender received by the Lender in the ordinary course of business and prior to written notice of the Customer's default from BDC.

(c) If the Lender is a bank, credit union or the Alberta Treasury Branch BDC's priorities herein shall not extend to any funds at any time in any account of the Customer maintained with the Lender (other than accounts designated as "trust" accounts in BDC's favour), or any funds that may be deposited in or disbursed from any such accounts, except for funds deposited after the Lender has received written notice of the Customer's default from BDC, that BDC is exercising its right to demand or enforce BDC Security for which it has priority.

3.04 If any of the BDC Security or the Lender Security is claimed or found by a trustee in bankruptcy or a court of competent jurisdiction to be unenforceable, invalid, unregistered or unperfected, then the foregoing provisions of this Article 3 shall not apply to such security to the extent that such security is so found to be unenforceable, invalid, unregistered or unperfected as against a third party unless the secured party shall be diligently contesting such a claim and has provided the other party with a satisfactory indemnity.

3.05 Each of the parties hereto shall permit any of the other parties hereto and their employees, agents and contractors, access at all reasonable times to any property and assets of the Customer upon which it has a prior charge or security interest in accordance with the terms hereof and to permit such other party to remove such property and assets from the premises of the Customer at all reasonable times without interference, provided that such other party shall promptly repair any damage caused to the premises by the removal of any such property or assets.

3.06 Nothing in this Agreement affects the priority of any security over the Customer's real property interests held by BDC or the Lender. The real property interests of the Customer are excluded from the operation of this agreement.

3.07 Nothing in this agreement shall affect the priority of purchase money security interests (as defined in the PPSA) hereafter acquired by BDC or the Lender in specific equipment of the Customer. As between the parties that where either BDC or the Lender finances the acquisition of equipment by the Customer the BDC or the Lender will be entitled to a purchase money security interest whether they advance their funds before or after the Customer has paid for the equipment and whether or not the funds are paid directly to the vendor so long as the funds are advanced in connection with the acquisition by the Customer of rights in such equipment.

ARTICLE 4 - COVENANTS OF THE CUSTOMER

4.01 The Customer hereby confirms to and agrees with BDC and the Lender that so long as any of the indebtedness of the Customer to BDC and the Lender remains outstanding, it shall stand possessed of its assets so charged for BDC and for the Lender in accordance with their respective interests and priorities as herein set out.

ARTICLE 5- GENERAL

5.01 From time to time upon request therefor BDC and the Lender may advise each other of the particulars of the indebtedness and liability of the Customer to each other and all security held by each therefor.

5.02 BDC and the Lender each agree that, except as required by law, it will not transfer or assign any of its security from the Customer without first obtaining from the proposed assignee or transferee an agreement to be bound by the provisions of this Agreement.

5.03 Prior to making any demand for payment on the Customer or proceeding to enforce its security, BDC or the Lender, as the case may be, shall provide notice of such demand or enforcement to the other of them, provided, however, that neither shall be liable for any accidental omission to provide the said notice, except that the Lender shall not be bound to account to BDC as set out in Article 3.03 unless the Lender receives actual notice from BDC.

5.04 Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be addressed and delivered to the parties hereto as follows:

for BDC: Winnipeg Branch, 155 Carlton Street, Suite 1100, Winnipeg, Manitoba, R3C 3H8
Attention: The Manager

for the Lender: TD Commercial Banking, 1904 Hamilton Street, 2nd Floor, Regina, Saskatchewan, S4P 3N5

Attention: Roger Yee
Phone: (306) -780-0212
Fax: (306) 780-0416

5.05 Each of the Customer, BDC and the Lender shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the interests of this Agreement; provided however, that no consent of the Customer shall be necessary to any amendment of the terms hereof by BDC and the Lender unless the interests of the Customer are directly affected thereby.

5.06 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.

5.07 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

5.08 This Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hands of their duly authorized officers on the dates hereinafter set forth.

BUSINESS DEVELOPMENT BANK OF CANADA

Sept 1, 2009
Date

Per: KASHMIRA DESAI CSO-BD

Per:
Gord Rivest
Area Manager, PD&UW

THE TORONTO-DOMINION BANK

Sept 21, 2009
Date

Per:
Trent Erickson - Manager Commercial Credit

Per:

ASSINIBOIA RUBBER RECYCLING INC.

ASSINIBOIA RUBBER RECYCLING INC.
Seal

August 28, 2009
Date

Per:

THIS IS EXHIBIT "S" REFERRED TO IN THE AFFIDAVIT OF TRAVIS GU SWORN BEFORE ME AT THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA THIS 7th DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA MY APPOINTMENT EXPIRES: N/A OR BEING A SOLICITOR

REGISTERED DOMESTIC RECOMMANDÉ RÉGIME INTÉRIEUR
CUSTOMER RECEIPT REÇU DU CLIENT
To Destinataire
Name Nom
Address
City / Prov. / Postal Code
2014-05-16
BENTALL P.O.
VANCOUVER V7X 1
33-086-594 (11-04)
CPC Tracking Number
RN 007 070 415 CA

May 16, 2014

Assiniboia Rubber Recycling Inc. and Trans Canadian Rubber Corp.
206 Hill Avenue
Weyburn, SK
S4H 1M5

Dear Sir/Madam:

Re: BDC Loan, Loan Account #054008-01 & 03

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loans in full.

The amount due and payable on the date of this letter is:

	Loan No. 01	Loan No. 03
Principal	$1,445,293.69	$283,968.00
Interest	$26,647.80	$5,456.04
Fees	$50.00	$50.00
TOTAL	$1,471,991.49	$289,474.04
Daily interest	$323.41	$67.04

Daily interest is required up to and including the date of payment. Interest is compounded monthly and the daily interest amount will increase as a result.

If the sum is not received within 10 days from the date of this letter, BDC shall take such action as may be necessary to enforce its rights as set out in the security without further notice or delay.

We enclose the Form 86 Notice of Intention to Enforce Security pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act*.

Yours truly,

Travis Gu
Senior Account Manager, Special Accounts
(604) 658-2922

Andrew Masse
Regional Director, Special Accounts

TG/tl
Enclosed

FORM 86

Notice of Intention to Enforce a Security

(Rule 124)

To: Assiniboia Rubber Recycling Inc., an insolvent person.

Take notice that:

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

   Land and building located at 631 Campbell Street, Assiniboia, SK

   Land and building located at 301 1st Avenue North of Assiniboia, SK

   All personal property of the insolvent person except consumer goods.

2. The security that is to be enforced is in the form of a General Security Agreement and a Mortgage of Land.

3. The total amount of the indebtedness secured by the security is as set out in the attached Schedule as well all costs and charges of enforcement.

4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Vancouver, BC. this 16th day of May, 2014.

BUSINESS DEVELOPMENT BANK OF CANADA

Andrew Masse, Regional Director, Special Accounts

Travis Gu, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

1. Acknowledges receipt of the above Form 86 Notice;

2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and

3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at ____________________, ________, this ___ day of ______________, 2014.

Assiniboia Rubber Recycling Inc.

Per: ________________________________
Authorized Signatory

SCHEDULE

The amounts due and payable are:

	Loan 01	Loan 03
Principal Balance outstanding	$1,445,293.69	$283,968.00
Interest to and including May 15, 2014	$26,647.80	$5,456.04
NSF Fee	$50.00	$50.00
Total	$1,471,991.49	$289,474.04

Together with additional interest of 7.95% per annum for loan 01 from May 16, 2014 up to and including the date of payment.

Together with additional interest at the Bank's floating base rate plus 3.50% per annum for loan 03 compounded monthly from May 16, 2014 up to and including the date of payment

BDC

CANADA POSTES POST CANADA

REGISTERED DOMESTIC RECOMMANDÉ RÉGIME INTÉRIEUR

CUSTOMER RECEIPT REÇU DU CLIENT

To Destinataire

Name Nom

Address Adresse

City / Prov. / Postal Code Ville / Prov. / Code postal

Declared Value Valeur déclarée $

33-086-584 (11-04)

FOR DELIVERY CONFIRMATION CONFIRMATION DE LA LIVRAISON

RN 007 078 424 CA

845001 2014 -05- VANCOUVER

May 16, 2014

Assiniboia Rubber Recycling Inc. and Trans Canadian Rubber Corp.
800-1801 Hamilton Street
Regina, SK
S4P 4B4

Dear Sir/Madam:

Re: BDC Loan, Loan Account #054008-01 & 03

You are in DEFAULT under the terms of the security for the subject loan and BDC hereby invokes the acceleration clause contained in the security and demands the repayment of the loans in full.

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A. Masse
Andrew Masse
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4. The secured creditor will not have the right to enforce the security until after the expiration of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Vancouver, BC. this 16th day of May, 2014.

BUSINESS DEVELOPMENT BANK OF CANADA

Andrew Massé, Regional Director, Special Accounts

Travis Gu, Senior Account Manager, Special Accounts

CONSENT AND WAIVER

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2. Waives the ten day period of notice required under Section 244 of the Bankruptcy and Insolvency Act; and

3. Consents to the immediate enforcement by Business Development Bank of Canada of the Security referred to in the above Form 86 Notice.

DATED at ________________, _____, this ___ day of ____________, 2014.

Assiniboia Rubber Recycling Inc.

Per: ________________________
Authorized Signatory

SCHEDULE

The amounts due and payable are:

	Loan 01	Loan 03
Principal Balance outstanding	$1,445,293.69	$283,968.00
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SWORN BEFORE ME AT THE CITY OF
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DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

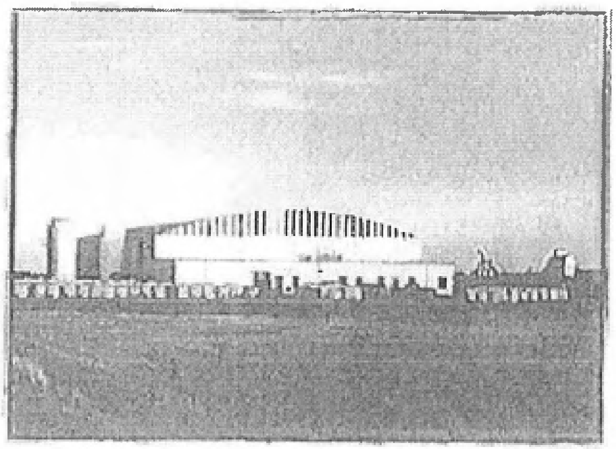
PHH ARC
ENVIRONMENTAL

PHASE II ENVIRONMENTAL SITE ASSESSMENT

PERMA-LIFE PRODUCTS

631 CAMPBELL STREET

ASSINIBOIA, SASKATCHEWAN



Prepared for:

BUSINESS DEVELOPMENT BANK OF CANADA (BDC)

155 Carlton Street, Suite 1100

Winnipeg, MB

R3C 3H8

PHH ARC Environmental Ltd. Project No.: 4023A

November 14, 2008

EXECUTIVE SUMMARY

Under the authorization of Business Development Bank of Canada, PHH ARC Environmental Ltd. (PHH ARC) conducted a Phase II Environmental Site Assessment (ESA) of the property located at 631 Campbell Street, Assiniboia, Saskatchewan (the Site).

The Site is developed with a rubber recycling facility operated by Perma-Life Products.

The purpose of the Phase II ESA was to address areas of potential environmental concern as identified through conversations with the Client and Site personnel, in relation to the potential financing of the Site.

On October 17, 2008, a total of three boreholes (MW100-08 through MW102-08) were drilled to a maximum depth of 10.67 m below ground surface (bgs) on-Site. In addition, a surface soil sample was obtained from one location (103) using a hand auger. To facilitate groundwater monitoring, all boreholes were completed as groundwater monitoring wells.

On October 23, 2008, after the groundwater level in the monitoring wells attained equilibrium, groundwater monitoring, sampling and surveying of the newly installed monitoring wells was conducted. A water sample was also obtained from the grey water underground storage tank (UST) on-Site.

Soil and water samples were collected and analyzed for benzene, toluene, ethylbenzene, and xylenes, petroleum hydrocarbon fractions F1 through F4, polycyclic aromatic hydrocarbons (PAHs), metals, coliforms, and particle size in accordance with the Saskatchewan Environment guidelines on Risk-Based Corrective Actions (RBCA) for Petroleum Hydrocarbon Impacted Sites, and the Canadian Environmental Quality Guidelines of the Canadian Council of Ministers of the Environment.

Laboratory analytical results indicated that concentrations of F2 exceeded criteria in a soil sample collected from MW100 (0.76 m bgs), in the vicinity of the diesel aboveground storage tank (AST); and concentrations of arsenic exceeded criteria in a soil sample collected from MW101 (2.3 m bgs), in the tire storage yard. All other analyzed parameters in the soil samples collected were below the applicable criteria.

The analytical results indicated that concentrations of benzene and pyrene in a water sample collected from the grey water UST exceeded the applicable criteria. All other analyzed parameters in the groundwater samples collected were below the applicable criteria.

Detectable coliforms were identified in a groundwater sample obtained from MW102-08 located adjacent south of the septic tank, which may be indicative of a septic tank leak.

Based on the results of the Phase II ESA, PHH ARC recommends the following:

- Stained soil in the vicinity of the diesel AST (around the location of MW100) should be remediated and a secondary containment system should be implemented to prevent future spills or releases;
- Grey water from the grey water UST should be treated prior to discharge to the wetland area directly south of the Site;
- The on-Site septic tank should be inspected for leaks and replaced if necessary; and
- The arsenic exceedance should be investigated further to determine if it is naturally occurring or a result of on-Site activities.

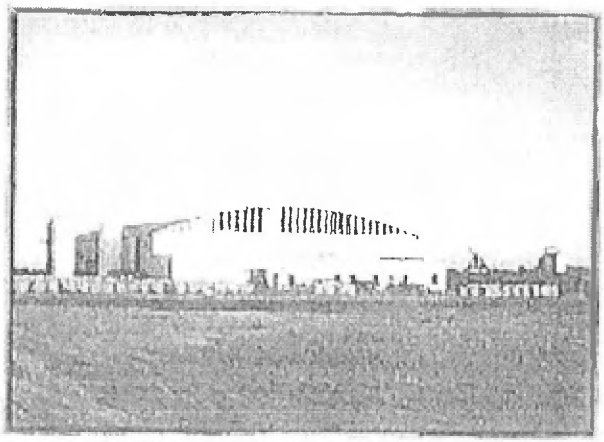
This Executive Summary is subject to the same standard limitations as contained in the report and must be read in conjunction with the entire report.

THIS IS EXHIBIT "U" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

PHH ARC
ENVIRONMENTAL

PHASE III
ENVIRONMENTAL SITE ASSESSMENT
PERMALIFE PRODUCTS
631 CAMPBELL STREET
ASSINIBOIA, SASKATCHEWAN



Prepared for

PERMALIFE PRODUCTS

631 Campbell Street
Assiniboia, SK
S0H 0B0

PHH ARC Environmental Ltd. Project No.: 7221AZ

February 26, 2009

EXECUTIVE SUMMARY

Under the authorization of PermaLife Products, PHH ARC Environmental Ltd. conducted a Phase III ESA on February 4, 2009, at a rubber recycling facility operated by PermaLife Products, located at 631 Campbell Street, Assiniboia, Saskatchewan (the Site).

The purpose of this Phase III ESA was to address the potential environmental concerns identified during the Phase II ESA conducted by PHH ARC in November 2008, in relation to the potential financing of the Site.

The previous Phase II ESA identified elevated arsenic concentrations, some of which exceeded regulatory criteria, on-Site, and petroleum hydrocarbon impacted soil in the area of the diesel aboveground storage tank (AST). Based on the findings of the 2008 Phase II ESA, a Phase III ESA was recommended to remove PHC impacted soil from the area of the diesel AST, and to determine whether elevated arsenic concentrations in soil identified in the 2008 Phase II ESA were naturally occurring or a result of on-Site activities.

A total of two boreholes (BH104-09 and BH105-09) were drilled to a maximum depth of 6.1 m below ground surface (bgs) on-Site. Hydrocarbon impacted soil was excavated from an area around the location of a diesel aboveground storage tank and transported off-Site. Confirmatory samples were collected from the extents of the excavation. Clean soil was transported on-Site and used to backfill the excavation.

In addition, soil samples were collected and analyzed for benzene, toluene, ethylbenzene, and xylenes (BTEX), petroleum hydrocarbon (PHC) fractions F1 through F4, and trace metals in accordance with the Saskatchewan Environment (SENV) *Risk-Based Corrective Actions* (RBCA) for Petroleum Hydrocarbon Impacted Sites, and the Canadian Council of Ministers of the Environment (CCME) *Canadian Environmental Quality Guidelines 2007* (CEQG).

The results of soil samples collected on February 4, 2009 indicated that concentrations of ethylbenzene and PHC Fraction F2 were identified exceeding criteria in soil sample EW-03 at 0.45 m below ground surface (bgs), and concentrations of PHC fractions F3 were identified exceeding criteria in soil sample WW-02 at 0.76 m bgs. Soil samples exceeding criteria were obtained from the excavation.

Laboratory analytical results for all other analyzed soil samples indicated that concentrations of BTEX, PHC fractions F1 through F4, and trace metals did not exceed the applicable SENV RBCA and CCME CEQG criteria.

Elevated arsenic concentration (10.1 mg/kg) in the soil sample from BH104 at a depth of 2.44 m bgs appears to correspond with elevated concentrations identified in the previous PHH ARC Phase II ESA at the Site. The arsenic concentrations are therefore considered to be naturally occurring and not a direct result of on-Site activities.

Based on the results of the Phase II ESA and Phase III, PHH ARC recommends the following:

- Further excavation of soil should be conducted around locations of soil samples EW-03 and WW-02 to remove residual soil exceeding regulatory criteria for ethylbenzene and PHC fractions F2 and F3.

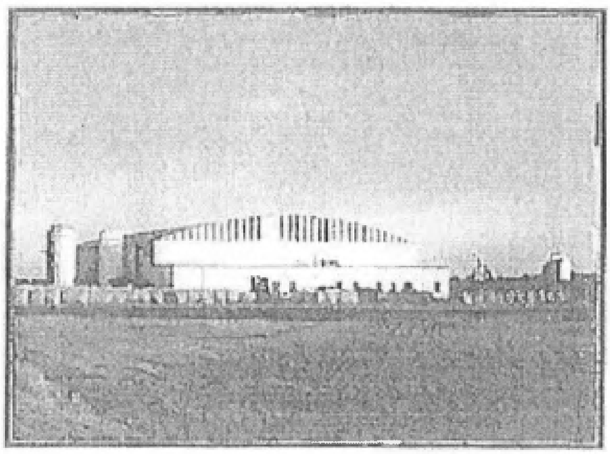
This Executive Summary is subject to the same standard limitations as contained in the report and must be read in conjunction with the entire report.

THIS IS EXHIBIT "Y" REFERRED TO IN
THE AFFIDAVIT OF TRAVIS GU
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA THIS 7th
DAY OF July, 2014.

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
MY APPOINTMENT EXPIRES: N/A
OR BEING A SOLICITOR

25
PHH ARC
ENVIRONMENTAL

PHASE III
ENVIRONMENTAL SITE ASSESSMENT
ASSINIBOIA RUBBER RECYCLING INC.
631 CAMPBELL STREET
ASSINIBOIA, SASKATCHEWAN



Prepared for:

ASSINIBOIA RUBBER RECYCLING INC.

Box 2019
Assiniboia, SK S0H 0B0

Attention: Mr. Heath Mohr

PHH ARC Environmental Ltd. Project No.: 7524A

January 13, 2010

EXECUTIVE SUMMARY

Under the authorization of Assiniboia Rubber Recycling Inc. (Client), PHH ARC Environmental Ltd. (PHH ARC) conducted a Phase III Environmental Site Assessment (ESA) on November 24, December 4, and December 11, 2009, at a rubber recycling facility at 631 Campbell Street, Assiniboia, Saskatchewan (the Site).

PHH ARC previously prepared a report titled "*Phase III Environmental Site Assessment, PermaLife Products, 631 Campbell Street, Assiniboia, Saskatchewan*" for this site in February 2009 for PermaLife Products, which is now operated by the Client. The purpose of this Phase III ESA was to address recommendations made by PHH ARC in the above referenced previous report, for removal of additional impacted soil from the original excavation area surrounding the diesel aboveground storage tank (AST). Selected soil samples from the extents of previous excavation were found to exceed the applicable regulatory criteria for ethylbenzene and petroleum hydrocarbon (PHC) fractions F2 and F3.

On November 24, 2009, PHH ARC was on-Site to direct excavation activities and collect confirmatory soil samples from the extents of the walls and base of excavation. While on-Site an additional area of staining was observed in the vicinity of the diesel AST. These soils were removed during the excavation activities on November 24, 2009. Selected soil samples were submitted to Maxxam Analytics (Maxxam) in Calgary, Alberta, for analyses of benzene, toluene, ethylbenzene, and xylenes (BTEX), and PHC fractions F1 through F4, in accordance with the Saskatchewan Environment (SENV) *Risk-Based Corrective Actions* (RBCA) for Petroleum Hydrocarbon Impacted Sites. Selected samples were found to exceed the applicable regulatory criteria for PHC fraction F2.

On December 4 and December 11, 2009, PHH ARC returned to the Site to direct additional excavation activities and collect confirmatory soil samples from the final extents of the walls and base of excavation. Selected soil samples were submitted to Maxxam in Calgary, Alberta, for analyses of benzene, toluene, ethylbenzene, and xylenes

(BTEX), and PHC fractions F1 through F4. Two samples were also submitted for particle size analysis (PSA) to confirm the selected regulatory criteria.

The final dimensions of the irregularly shaped excavation were approximately 8 m by 6 m and a maximum depth of 2.4 m below ground surface. Approximately 100 m^3 of soil was removed from the diesel fuel impacted area. All excavated soil was transported off-Site for disposal at the local landfill in Assiniboia, Saskatchewan.

According to the Client, backfill material was obtained from the same local source as originally assessed in the February 2009 report, therefore an additional sample of backfill was not obtained. The sample of backfill of material obtained during the original investigation was found to meet the applicable regulatory criteria for all parameters analyzed.

The results of soil samples collected on December 11, 2009 indicated that concentrations of all analyzed parameters did not exceed the applicable SENV RBCA criteria. Therefore, no further site remediation work is recommended at this time.

Subsequent to backfilling, the Client indicated that the fuelling area will be surfaced with a concrete pad and the pump mechanism and fuelling hose attached to the diesel AST fitted with a drip collection device.

This Executive Summary is subject to the same standard limitations as contained in the report and must be read in conjunction with the entire report.