FILED
JUDICIAL CENTRE OF EDMONTON
SEP 19 2018
Clerk of the Court

COURT FILE NUMBER	1703 12327
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c-36, AS AMENDED
	AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF 667402 ALBERTA LTD., 18512398 ALBERTA LTD., 816956 ALBERTA LTD., 1371047 ALBERTA LTD. AND 1919209 ALBERTA LTD.
DOCUMENT	AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Witten LLP** Barristers & Solicitors Suite 2500, Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6 Solicitors for Northland Mortgage & Investment Corp. ATTN: Coralie Mohr/Kalen Lumsden FILE: 120102-15/DJC/KL PHONE: (780) 428-0501 FAX: (780) 425-0769 cmohr@wittenlaw.com / klumsden@wittenlaw.com

AFFIDAVIT OF MARK EIKELAND

SWORN on September 18, 2018

I, Mark Eikeland, of Campbell River, British Columbia, **SWEAR AND SAY THAT:**

1. I am the Director of Northland Mortgage & Investment Corp. ("Northland"), and as such have a personal knowledge of the matters hereinafter deposed to except where otherwise stated to be on information and belief and in some cases, I have informed myself from books or records maintained by Northland, and where I have done so, I swear that, to the best of my knowledge and belief:

   a) these books or records were part of Northland's ordinary books or records;

   b) any entries in these books or records were made in the usual and ordinary course of Northland's business;

c) these books and records were and are in the custody and control of Northland; and,

d) any copies of these books or records appended to this Affidavit are true copies thereof.

Entries in those books and records were made reasonably contemporaneously with the business transactions as the same occurred. Where stated to be based upon information, I verily believe the same to be true. I am authorized to swear the within Affidavit on behalf of Northland.

2. The lands which are the subject matter of the within action are legally described as follows:

<u>FIRSTLY</u>
PLAN 1324161
BLOCK 4
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.32 HECTARES (3.26 ACRES) MORE OR LESS

<u>SECONDLY</u>
PLAN 1324161
BLOCK 4
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.24 HECTARES (3.06 ACRES) MORE OR LESS

<u>THIRDLY</u>
PLAN 1324161
BLOCK 4
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.03 HECTARES (2.55 ACRES) MORE OR LESS

<u>FOURTHLY</u>
PLAN 1324161
BLOCK 4
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.98 HECTARES (2.42 ACRES) MORE OR LESS

<u>FIFTHLY</u>
PLAN 1324161
BLOCK 4
LOT 5

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.35 HECTARES (3.34 ACRES) MORE OR LESS

<u>SIXTHLY</u>
PLAN 1324161
BLOCK 4
LOT 6
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.18 HECTARES (2.92 ACRES) MORE OR LESS

(collectively, the "**Bonnyville Lands**"); and

PLAN 9920455
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.05 HECTARES (5.07 ACRES) MORE OR LESS

registered in the name of Canada North Camps Inc.,

(the "**Wabasca Property**")

and

THE SOUTH EAST QUARTER OF SECTION NINETEEN (19)
TOWNSHIP FIFTY FOUR (54)
RANGE TWENTY FIVE (25)
WEST OF THE FOURTH MERIDIAN
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.
EXCEPTING THEREOUT: ALL THAT PORTION OF THE SAID QUARTER SECTION
LYING NORTH OF A LINE DRAWN WESTERLY AND AT RIGHT ANGLES TO THE
EAST
BOUNDARY OF THE SAID QUARTER SECTION, THROUGH A POINT THEREON
SIX HUNDRED AND SIXTY (660) FEET SOUTHERLY FROM THE NORTH EAST
CORNER THEREOF, CONTAINING 16.2 HECTARES (40 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

registered in the name of 816956 Alberta Ltd.

(the "**Farm**")

and

PLAN 8622655
BLOCK E
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 5.66 HECTARES (13.99 ACRES) MORE OR LESS

registered in the name of 1371047 Alberta Ltd;

(the "**Winterburn Lands**")

3. Northland is a small mortgage company that has been in business since early 1980 with about 9 investors made of retirees and pensioners who are looking to fund their old age and retirement through real estate investments. Each investor invests directly into a mortgage supported by a specific real estate property and earns interest income paid monthly. We do not pool investor funds into one large fund but match each investor directly into a mortgage backed by a specific property. Northland administers and manages the investment for each investor. In the case of Canada North Camps, we have 2 investments:

   a) $750,000 secured by 2nd mortgage on the Winterburn Lands, a 2nd mortgage on the Farm, and a 1st mortgage on the Wabasca Property. This investment is owned by a widowed pensioner living on Vancouver Island who is relying on this investment to fund her old age.

   b) $1,500,000 secured by 1st mortgage on the Bonnyville Lands. This investment is owned by a husband and wife who are retired pensioners also living on Vancouver Island and who rely on this investment to fund their old age.

NORTHLAND'S $750,000 MORTGAGE ON THE WINTERBURN LANDS, THE FARM, AND THE WABASCA PROPERTY

4. By a Memorandum of Mortgage dated October 31, 2016, made in pursuance of the Land Titles Act, marked **Exhibit "A"** to this my Affidavit, Canada North Camps Inc. and 816956 Alberta Ltd. and 1371047 Alberta Ltd. mortgaged to Northland the Winterburn Lands, the Farm, and the Wabasca Property, to secure payment of the sum of $750,000.00 with interest at the rate of Prime Rate plus Ten (10.00%) percent per annum both before and after default and judgment (the "**Winterburn Mortgage**") plus legal costs, as between solicitor and his own client on a full indemnity basis.

5. The sum of $750,000.00 was actually advanced by the Northland to Canada North Camps Inc. and 816956 Alberta Ltd. and 1371047 Alberta Ltd., in full.

6. Canada North Camps Inc. and 816956 Alberta Ltd. and 1371047 Alberta Ltd. covenanted to pay interest to Northland on the sum at the rate of Prime Rate plus Ten (10.00%) percent per annum on the days and times and in the manner provided for in the Winterburn Mortgage.

7. Pursuant to the Winterburn Mortgage it is provided that on default of payment of the principal or interest or any monies thereby secured, the whole principal shall become payable.

8. Canada North Camps Inc. and 816956 Alberta Ltd. and 1371047 Alberta Ltd. covenanted with Northland to pay all liens, taxes, rates, charges or encumbrances on

the said lands which may fall due or be unpaid, and also to insure the buildings on the said lands against damage by fire, in default of all or any of which Northland should have the right to do the same and add to the Winterburn Mortgage all costs and expenses incurred by it in that regard, including fees and charges of the Northland's solicitors, as between solicitor and his own client on a full indemnity basis, in respect of any proceedings taken to realize the monies secured by the Winterburn Mortgage.

9. Default has been made in payment of the principal sum and in payment of interest pursuant to the terms of the Winterburn Mortgage.

10. There is now justly and truly owing to Northland under and by virtue of the Winterburn Mortgage the sum of $847,320.54 as at 14th day of September, 2018 with interest at the per diem rate of $362.46 from this date to and including the date of payment, as set forth in Northland's payout statement which is attached hereto as **Exhibit "B"**.

NORTHLAND'S $1,500,000 MORTGAGE ON THE BONNYVILLE LANDS

11. The Bonnyville Lands are located in the municipal district of Bonnyville.

12. By a Memorandum of Mortgage dated June, 2015, made in pursuance of the Land Titles Act, marked **Exhibit "C"** to this my Affidavit, 1371047 Alberta Ltd. mortgaged to Northland the Bonnyville Lands to secure payment of the sum of $1,500,000.00 with interest at the rate of Prime Rate plus Ten (10.00%) percent per annum both before and after default and judgment (the "**Bonnyville Mortgage**") plus legal costs, as between solicitor and his own client on a full indemnity basis.

13. The sum of $1,500,000.00 was actually advanced by the Northland to 1371047 Alberta Ltd., in full.

14. 1371047 Alberta Ltd. covenanted to pay interest to Northland on the sum at the rate of Prime Rate plus Ten (10.00%) percent per annum on the days and times and in the manner provided for in the Bonnyville Mortgage.

15. Pursuant to the Bonnyville Mortgage it is provided that on default of payment of the principal or interest or any monies thereby secured, the whole principal shall become payable.

16. 1371047 Alberta Ltd. covenanted with Northland to pay all liens, taxes, rates, charges or encumbrances on the said lands which may fall due or be unpaid, and also to insure the buildings on the said lands against damage by fire, in default of all or any of which Northland should have the right to do the same and add to the Bonnyville Mortgage all costs and expenses incurred by it in that regard, including fees and charges of Northland's solicitors, as between solicitor and his own client on a full indemnity basis, in respect of any proceedings taken to realize the monies secured by the Bonnyville Mortgage.

17. Default has been made in payment of the principal sum and in payment of interest pursuant to the terms of the Bonnyville Mortgage.

18. There is now justly and truly owing to Northland under and by virtue of the Winterburn Mortgage the sum of $1,734,222.94 as at 14th day of September, 2018 with interest at the per diem rate of $605.79 from this date to and including the date of payment as set forth in Northland's payout statement which is attached hereto as **Exhibit "B"**.

19. There is now justly and truly owing to Northland, legal fees and costs to September 14, 2018 in the total amount of $49,620.71 which are secured by either or both of the Winterburn Mortgage and the Bonnyville Mortgage.

20. I make this affidavit in support of:

a) an order disbursing the Winterburn sale proceeds; and

b) the hearing before Justice Hillier on December 4 and 5, 2018.

SWORN BEFORE ME at Campbell River, in the Province of British Columbia, this 18 day of September, 2018.	
(Lawyer/~~Student-At-Law/Commissioner or JP~~)	(Signature)
Rebecca Domovitch Print name ~~and expiry~~	Mark Eikeland

REBECCA DOMOVITCH
906 Island Highway
Campbell River, BC V9W 2C3
PH: 250-287-8355 Fax: 250-287-8112
Barrister & Solicitor

EXHIBIT "A"

Winterburn Mortgage

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

Mark Eikeland

Sworn before me on September 18, 2018

(LAWYER/~~STUDENT-AT-LAW/COMMISSIONER OR JP)~~

REBECCA DOMOVITCH
906 Island Highway
Campbell River, BC V9W 2C3
PH: 250-287-8355 Fax: 250-287-8112
Barrister & Solicitor

Rebecca Domovitch

PRINT NAME ~~AND EXPIRY~~

MORTGAGE

Pursuant to the Land Titles Act

Dated the 31st day of October, 2016

WHEREAS:

1. **CANADA NORTH CAMPS INC.** and **816956 ALBERTA LTD.** and **1371047 ALBERTA LTD.** (collectively and individually the "Mortgagor(s)") are customers of **NORTHLAND MORTGAGE & INVESTMENT CORP.** ("NMIC");

2. The Mortgagor is now or may hereafter be indebted to NMIC;

3. NMIC has demanded from the Mortgagor security for payment to NMIC of all Moneys;

NOW THEREFORE, CANADA NORTH CAMPS INC. being registered owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum written (or endorsed) hereon, of that piece of land situate in the Province of Alberta, Canada, being composed of:

PLAN 9920455
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.05 HECTARES (5.07 ACRES) MORE OR LESS

(the "Canada North Lands")

NOW THEREFORE, 816956 ALBERTA LTD. being registered owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum written (or endorsed) hereon, of that piece of land situate in the Province of Alberta, Canada, being composed of:

THE SOUTH EAST QUARTER OF SECTION NINETEEN (19)
TOWNSHIP FIFTY FOUR (54)
RANGE TWENTY FIVE (25)
WEST OF THE FOURTH MERIDIAN
CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.
EXCEPTING THEREOUT: ALL THAT PORTION OF THE SAID QUARTER SECTION LYING NORTH OF A LINE DRAWN WESTERLY AND AT RIGHT ANGLES TO THE EAST BOUNDARY OF THE SAID QUARTER SECTION, THROUGH A POINT THEREON SIX HUDNRED AND SIXTY (660) FEET SOUTHERLY FROM THE NORTH EAST CORNER THEREOF, CONTAINING 16.2 HECTARES (40 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "816956 Lands")

NOW THEREFORE, 1371047 ALBERTA LTD. being registered owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum written (or endorsed) hereon, of that piece of land situate in the Province of Alberta, Canada, being composed of:

PLAN 8622655
BLOCK E
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 5.66 HECTARES (13.99 ACRES) MORE OR LESS

(the "1371047 Lands")

(The Canada North Lands, the 816956 Lands, and the 1371047 Lands, together with all buildings, erections and improvements now or hereafter located thereon are in this Mortgage referred to as the "Mortgaged Premises") in consideration of the Commitment Letter entered into between the Mortgagor and **NORTHLAND MORTGAGE & INVESTMENT CORP.** whose address is: **75 Rockland Road, Campbell River, British Columbia, V9W 1N4**, the Mortgagor covenants with NMIC as follows:

1. The Mortgagors hereby encumbers, mortgages and charges the Mortgaged Premises with the payment of the Moneys up to a maximum of SEVEN HUNDRED FIFTY THOUSAND ($750,000.00) DOLLARS plus Interest, Enforcement Obligations and other charges in the nature of Enforcement Obligations owing hereunder or under the Security;

2. For the purpose of this Mortgage the following terms, when used in this Mortgage, shall have the following meanings:

   (1) "Enforcement Obligations" means all amounts secured hereunder which are stated to be Enforcement Obligations;

   (2) "Indebtedness" - shall be interpreted in its most comprehensive sense, and without limiting its generality, shall include any and all advances at any time and from time to time made by or on behalf of NMIC to or on behalf or on account of or at the direction of the Mortgagor, and all debts, obligations or liabilities of the Mortgagor to or in favour of NMIC, or for which NMIC may become responsible, whether direct, contingent or otherwise, present or future, insured or not, voluntary or involuntary, matured or not, liquidated or unliquidated, and whether the Mortgagor may be liable individually or jointly with others, and whether as principal or surety, and whether recovery upon such Indebtedness may be or hereafter become barred or unenforceable, and whether incurred by or arising from agreement or dealings between NMIC and the Mortgagor or others or by or from any agreement or dealings within or outside the country with any third party or arising out of a letter of credit or however otherwise incurred, and all Interest, Enforcement Obligations, commission, costs, including without limitation legal costs as between NMIC and its solicitor, charges and expenses of every nature and

kind whatsoever, which may be incurred, arising from or relating to the Indebtedness or the Security by which NMIC may be or become in any manner whatsoever a creditor of the Mortgagor;

(3) "Interest" means interest payable on the Moneys calculated at the rate and in the manner specified in the Commitment Letter or, if applicable, in the instrument or other agreement creating or evidencing the obligation to pay such interest and if not so specified in the Commitment Letter or such other instrument or agreement as specified herein.

(4) "Interest Rate" means the applicable rate of interest payable on the Moneys pursuant to the instrument(s) or other agreement(s) creating or evidencing an obligation to pay interest on the Money(s) or, if applicable, as set out in paragraph 3 hereof calculated and compounded as set out in the applicable instrument(s) or other agreement(s) creating or evidencing an obligation to pay interest or, if applicable, as set out in paragraph 3 hereof;

(5) "Commitment Letter" means that commitment letter or loan agreement dated the 19th day of October, 2016 together with any amendments or extensions or replacements thereof;

(6) "Moneys" - shall include the Indebtedness, Interest, Enforcement Obligations and all other sums due, owing or payable or which may become due, owing or payable under the Security, or this Mortgage;

(7) "Prime Rate" - the floating annual rate of interest established from time to time by Bank of Montreal as the base rate it will use to determine the rate of interest charged on Canadian dollar loans to customers in Canada and designated as "Prime Rate";

(8) "Security" - any documents other than this Mortgage, now held or hereafter held by NMIC, as security relating to the Moneys or any other liabilities or obligations of the Mortgagor to NMIC.

Any term defined in the Security and used herein shall have the same meaning as defined in the Security unless it is otherwise defined herein or the context otherwise so requires.

3. These presents are given and taken as general and continuing collateral security to secure payment of the Moneys and this Mortgage shall obtain priority for all Moneys notwithstanding that at any time or from time to time there may not be any Moneys then outstanding. The Mortgagor agrees to pay to NMIC each and every amount, indebtedness, liability and obligation forming part of the Moneys in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent liability that does not constitute a debt or loan shall accrue and be payable on the satisfaction of any applicable condition or contingency which is specified in the

agreement or deal in creating such future or contingent liability or upon the satisfaction of any other condition or contingency which may be applicable to making a determination of whether such liability is accrued and payable. The accounts and records of NMIC shall, in the absence of manifest error, constitute prima facie evidence of the amount of the Moneys outstanding and owing from time to time by the Mortgagor to NMIC. Unless otherwise specified herein, or in an instrument or other agreement creating or evidencing an obligation to pay Interest on the Moneys, the Mortgagor shall pay to NMIC Interest on the amount of the Moneys outstanding from time to time for which no rate of interest is otherwise specified for the period commencing on the date of advance of funds or, in the case of contingent liability, the date of demand for payment thereof until paid, such interest to be calculated at a rate equal to the Prime Rate plus Ten (10.00%) percent per annum, calculated and payable monthly, not in advance, both before and after default and judgment.

4. That all Interest in arrears shall bear Interest thereon until paid.

5. That save as hereinafter described, the Mortgagor will pay when and as same fall due, all taxes, rates, liens, charges, encumbrances or claims (hereinafter sometimes referred to as "taxes") which are or may be or become charges or claims against the Mortgaged Premises. NMIC may, however, estimate the amount of taxes payable in each year. If so estimated, the Mortgagor covenants and agrees to pay to NMIC sufficient monies by equal monthly instalments to be applied on account thereof, as may be required to pay the taxes for the then current year. The said monthly instalments shall be paid on the first day of each and every month during the term of this mortgage commencing with the first day of the month next following the month in which NMIC gives notice to the Mortgagor that NMIC has estimated the amount of taxes and requires payment by monthly instalments. NMIC agrees to apply such payments on the taxes so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, nothing herein contained shall obligate NMIC to apply such payments on account of taxes more often than annually. If the Mortgagor shall pay any sum or sums to NMIC to apply on taxes, and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of principal or Interest as herein provided, NMIC may at its option, apply such sum or sums in or towards payment of the principal and/or Interest in default. In the event that the taxes actually charged for any one year, together with any interest and penalties thereon, exceed the estimated amount, the Mortgagor covenants and agrees to pay to NMIC on demand the amount required to make up the deficiency. The Mortgagor further covenants and agrees to transmit to NMIC the tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

That it is understood and agreed that NMIC shall not be compelled to estimate and collect taxes in accordance with this paragraph 5 but shall do so only at its option.

Should the Mortgagor become in default of its obligation in this paragraph 5, NMIC shall have the right itself to pay the taxes and the amount so paid, as aforesaid, by NMIC shall be secured hereby as Enforcement Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, and shall bear Interest at the Interest Rate until paid, all such monies to be repayable to NMIC on demand, or if not demanded repayable on the next ensuing instalment (whether principal or Interest).

6. That NMIC may, without further authority and from time to time as NMIC may desire, make advances of Moneys to be secured under this mortgage as Enforcement Obligations in:

   (a) an amount or amounts, which when added at the date next ensuing upon which taxes become due and payable to those portions of the then paid up monthly instalments under paragraph 5, will be sufficient to pay and discharge the taxes;

   (b) an amount or amounts sufficient to defray Interest accrued hereunder and unpaid from time to time;

   (c) an amount or amounts sufficient to defray fees due NMIC in respect of unadvanced funds or standby fees, and the like,

   and upon making such advances, will have the right to apply such advances for the purpose described in this paragraph 6 for which they were advanced. Nothing herein shall obligate NMIC to make the advances in this paragraph 6 described.

7. That the Mortgagor shall pay to NMIC Interest as aforesaid and all Interest on becoming overdue shall be forthwith treated, as to payment of Interest thereon, as principal and shall bear Interest thereon at the Interest Rate computed with rests and compounded at each Interest Date (being the date that Interest is compounded pursuant to the terms hereof) as well after as before default or maturity of this mortgage and after judgment hereunder and all such Interest shall be a charge on the Mortgaged Premises; and in the event of non-payment of any of the Moneys hereby secured at the time herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay Interest at the Interest Rate thereon.

8. That each Mortgagor shall forthwith insure and keep insured during the continuance of this security:

   (a) the improvements and all insurable property from time to time forming part of the Mortgaged Premises in an amount not less than:

      (i) while under construction, the full contract price for such construction plus extras and additions which, from time to time, may be added thereto; and

      (ii) following completion of construction the "Replacement Cost" thereof,

   against the minimum perils of fire, explosion, impact by aircraft or vehicles, lightning, riot, vandalism or malicious acts, smoke, leakage from fire protective equipment, windstorm or hail, or other perils normally included in an Extended Coverage Endorsement or, alternatively, in an "All Risk" form, providing coverage at least equivalent to "IOA Form 507-Builders All Risk" during construction and following the construction period on a policy of insurance at least equivalent to "IOA Form 700-Commercial Building Form";

(b) for public liability and property damage insurance in an amount equal to TWO MILLION ($2,000,000.00) DOLLARS in respect of any one occurrence;

(c) against loss or damage due to perils covered by broad form boiler and pressure vessel insurance policies an amount equal to the full value of the Mortgaged Premises (exclusive of lands only) or a lesser amount if approved in writing by NMIC, which shall include provision for loss or damage against sudden and accidental breakdown of boiler or any vessel subject to pressure or vacuum, unfired pressure vessel, other fired pressure vessels, and refrigeration systems;

(d) against business interruption for loss resulting from those perils covered by the insurance described above in sections (a) and (c) of this paragraph 8 under which the period of indemnity will not be less than twelve (12) months providing for not less than One Hundred (100%) per cent of the resulting loss of rent or, at the option of NMIC, for coverage on an insurable gross profits basis;

(e) for such other perils as NMIC may deem reasonable and prudent.

All such insurance shall:

(aa) be carried in a company or companies to be approved by NMIC;

(bb) be in a form acceptable to NMIC; and

(cc) where applicable, grant permission for partial occupancy;

(dd) provide that the insurer will neither terminate or alter the policy to the prejudice of Mortgagee except by registered letter giving notification of thirty (30) days.

The loss for all such policies shall be solely made payable to NMIC as first loss payee, with NMIC's mortgage clause affixed to each policy by the insurer. The Mortgagor shall pay all premiums and sums of money necessary for such purpose as the same shall become due, and shall not do anything which might cause the policy to be voided, and does hereby assign and deliver to NMIC the policy or policies of insurance and all renewal receipts and renewals thereto appertaining and will deliver evidence of renewal to NMIC at least fifteen (15) days prior to the expiration of any policy.

The Mortgagor shall maintain, at all times, a sufficient amount of insurance to meet the requirements of any "stated amount co-insurance clause" contained in any policy of insurance, so as to prevent it from becoming a co-insurer under the terms of such policy. The Mortgagor will, in compliance with the provision of section (a) of this paragraph 8, arrange that the insurance which is in effect subsequent to the completion of construction is to be subject to the customary "stated amount co-insurance clause" of insurers and shall, in this regard, file values as required under these clauses.

In the event of any breach of the foregoing covenants respecting insurance NMIC may, at its option, effect such insurance on behalf of and at the cost of the Mortgagor secured hereunder as Enforcement Obligations, and at the option of NMIC, the whole of the Moneys hereby secured remaining unpaid shall forthwith become due and payable. Forthwith on the happening of any loss or damage as aforesaid (notwithstanding any law, equity or statute to the contrary, and in particular, the Alberta Insurance Act and The Fire Prevention (Metropolis) Act, 1774 (14 Geo. 3 C.78), all rights and benefits of the Mortgagor thereunder being hereby expressly waived) the Mortgagor, at the expense of the Mortgagor, will furnish all necessary proofs and do all necessary acts to enable NMIC to obtain payment of the insurance monies and any such insurance monies received by NMIC may, at the option of NMIC, be applied in repairing or rebuilding the Mortgaged Premises, or be applied to the payment of the Moneys hereby secured (whether or not any amount is then due) in such manner as NMIC may determine or be paid to the Mortgagor or any person appearing by the registered title to be the owner of the Mortgaged Premises or partly in one way and partly in another. This provision shall be in addition to any statutory covenants implied in this mortgage.

That pending application of any insurance monies, the said monies shall be deemed to form part of the Mortgaged Premises and shall be subject to the charge created by this mortgage.

The Mortgagor hereby irrevocably appoints NMIC as attorney on its behalf to do all acts and things on behalf of and in the name of the Mortgagor to settle all insurance claims and to receive the proceeds of all monies payable under any insurance policy and to give effectual receipts therefor, and in so doing, NMIC shall have no liability to the Mortgagor for any act so done by NMIC.

Provided however that in the event the Mortgagor causes a Condominium Plan to be registered, then and in that event, the Mortgagor and the Condominium Corporation created upon registration of the Condominium Plan (hereinafter referred to as the "Condominium Corporation") will fully comply with the insurance provisions of The Condominium Property Act, as same may be amended from time to time, (hereinafter sometimes called the "Act") and the bylaws of the Condominium Corporation, and that the Mortgagor will when required by NMIC forthwith deliver to NMIC evidence satisfactory to NMIC of compliance by the Mortgagor and the Condominium Corporation with the insurance provisions of the Act and of the bylaws of the Condominium Corporation.

9. That all erections, buildings, machinery, plant and improvements whatsoever, including furnaces, boilers, water heaters and all plumbing, air-conditioning, ventilating and heating equipment, elevators, escalators and lifts, carpets, electric light fixtures, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment

appurtenant thereto, which are now or which shall hereafter be put upon the Mortgaged Premises, are or shall thereafter be deemed to be fixtures and a part of the realty and the security for the Moneys hereby secured, even though not attached otherwise than by their own weight. The Mortgagor shall not commit any act of waste thereon, and shall at all times during the continuance of this security keep the same in good repair, maintain, restore, mend, keep, make good, finish, add to and put in order. In the event of any loss or damage thereto or destruction thereof NMIC may give notice to the Mortgagor to repair, rebuild or reinstate the same within a time to be determined by NMIC and to be stated in such notice. If the Mortgagor fails to so repair, rebuild or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the amount secured hereunder shall, at the option of NMIC, become immediately due and payable without demand by NMIC upon the Mortgagor. NMIC may repair, rebuild or reinstate the Mortgaged Premises at the cost of the Mortgagor and charge all sums of money determined by NMIC to be properly paid therefor to the mortgage account to be secured hereunder as Enforcement Obligations, all notwithstanding any law, equity or statute to the contrary.

10. That each Mortgagor further covenants and agrees with NMIC that:

    (a) the Mortgagor has good title to the Mortgaged Premises free from all encumbrances (save as endorsed hereon);

    (b) the Mortgagor has the right to mortgage the Mortgaged Premises;

    (c) on default NMIC shall have quiet possession of the Mortgaged Premises free from all encumbrances (save as endorsed hereon);

    (d) the Mortgagor shall execute such further assurances of the Mortgaged Premises as may be requisite;

    (e) the Mortgagor has done no act to encumber the Mortgaged Premises (save as endorsed hereon).

11. That each Mortgagor shall not:

    (a) lease (other than in accordance with the terms of this mortgage), sell, transfer, assign or otherwise dispose of the within mortgaged property or any part thereof at any time during the currency of this mortgage to any purchaser, transferee or assignee;

    (b) alter the use of the Mortgaged Premises from that originally contemplated;

    (c) if the Mortgagor is a corporation, allow any change of ownership of the capital stock of the corporation, whether legal or beneficial, from that disclosed to NMIC at the date of this mortgage;

(d) register against the Mortgaged Premises a mortgage or other charge other than notified by memorandum underwritten or endorsed herein,

without the written consent of NMIC first had and obtained, which consent NMIC may unreasonably or arbitrarily withhold.

If the Mortgagor takes any of the steps outlined in (a) through (d) above without the prior written consent of the Mortgagee, the full amount then secured by this mortgage shall, at the option of the Mortgagee, become immediately due and payable upon notice to the Mortgagor.

12. That in the event of non-payment of any of the Moneys secured hereunder or any part thereof at the time of falling due of same under the terms of this mortgage, or in the event of non-payment of Interest or of any further amounts as provided for in this mortgage, or in the event of default or apprehended default being made in any of the covenants, agreements, provisos or stipulations otherwise expressed or implied herein, in the Security, or in the Commitment Letter or if the Mortgagor shall become bankrupt or insolvent or shall be subject to the provisions of The Bankruptcy and Insolvency Act, The Companies' Creditors' Arrangement Act, The Winding-Up and Restructuring Act or any other Act for the benefit of creditors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, or upon the registration of any builders' lien against the Mortgaged Premises, which lien remains undischarged for a period of thirty (30) days after notice of the registration thereof is given to the Mortgagor, or if any buildings or other improvements being erected on the Mortgaged Premises are allowed to remain unfinished, abandoned or left vacant, or if construction of the improvements ceases for a period of more than thirty (30) days:

(a) NMIC at its option may, at the expense of the Mortgagor to be secured hereunder as Enforcement Obligations, and when and to such extent as NMIC deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation;

(b) NMIC may send or employ an inspector to inspect and report upon the value, state and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the same;

(c) NMIC may enter into possession of the Mortgaged Premises and whether in or out of possession collect the rents and profits therefrom, and make any demise or lease of the said premises or any part thereof for such terms and periods and at such rents as NMIC shall think proper; and the power of sale hereunder may be exercised before or after and subject to any such demise or lease;

(d) NMIC at such time or times as it may deem necessary and without the concurrence of any other person through its servants, agents or contractors may enter upon the Mortgaged Premises and may make such arrangements for repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Premises as it may deem expedient, and all costs, charges, and expenses incurred by NMIC in so doing, including allowances for the time and service of any agent of NMIC or other person appointed for the above purposes or in connection therewith shall be secured hereby as Enforcement Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, shall bear Interest at the Interest Rate until paid, all such monies to be repayable to NMIC on demand, or if not demanded, then repayable without demand on the date for payment of the next ensuing instalment (whether for Interest or principal).

(e) NMIC shall have full power, right and license to enter, seize and distrain upon the Mortgaged Premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the mortgage Moneys as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent;

(f) NMIC may sell and dispose of the Mortgaged Premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Mortgaged Premises; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon NMIC under and by virtue of any statute or by this mortgage may be exercised; and any notice may be effectually given by delivering such notice or mailing such notice by single registered mail to the Mortgagor at the address of the Mortgagor shown hereinafter; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Mortgaged Premises hereunder, and NMIC may sell, transfer and convey any part of the Mortgaged Premises, on such terms of credit or part cash and part credit secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to NMIC most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, NMIC is not to be accountable for or charged with any monies until the same shall be actually received in cash; and sales may be made from time to time on parts of the Mortgaged Premises to satisfy Interest or parts of the Moneys overdue, leaving the Moneys or parts thereof to run with Interest payable as aforesaid; and NMIC may make any stipulations as to title or evidence or commencement of title or otherwise as NMIC shall deem proper, and may rescind or vary any contract for sale; and on any sale or resale, NMIC shall not be answerable for any loss occasioned thereby; and for any such purposes NMIC may make and execute all agreements and assurances that NMIC shall deem advisable or necessary; and in case of any sale held by NMIC under and by virtue of the laws of the Province of Alberta under the power of sale herein contained shall prove abortive, NMIC may take foreclosure proceedings in respect of the Mortgaged Premises in accordance with the provisions of the laws of the Province of Alberta in that regard; and in the event of any deficiency on account of Moneys secured by this mortgage remaining due to NMIC after realizing all of the Mortgaged Premises by sale or otherwise then the Mortgagor will pay to NMIC on demand the amount of such deficiency with Interest at the Interest Rate;

(g) NMIC shall be entitled (in addition and without prejudice to all its other rights and privileges) forthwith to apply for and obtain the appointment of a Receiver or Manager, or Receiver and Manager or Receiver-Manager (hereinafter referred to as the "Receiver") of the Mortgaged Premises and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the property of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or NMIC, and give effectual receipts therefor and every such Receiver may by writing at the discretion of NMIC be vested with any or all of the powers and discretions of NMIC herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the Mortgaged Premises or any part thereof and may exercise all the powers conferred upon NMIC hereby; AND THAT the Receiver may be removed; AND THAT if any Receiver is removed, dies or refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by NMIC in writing under the hand of any authorized solicitor or agent as aforesaid; AND THAT NMIC may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for all disbursements properly incurred by him in carrying out his duties and his fees and in such payments shall be a charge upon the Mortgaged Premises, secured as Enforcement Obligations, and shall be payable on demand and shall bear Interest at the Interest Rate, but NMIC shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that subject to the retention of his remuneration and disbursements as aforesaid, the Receiver shall apply all monies received by him in such of the following modes and in such order or priority, subject to the order of any court of competent jurisdiction, or as otherwise provided at law, as NMIC may from time to time at its option direct in writing, namely: IN discharge of all rents, taxes, rates, assessments and outgoings whatever affecting the Mortgaged Premises; and payment of all annual sums or other payments; and in making any payments due under any prior mortgage or lien; and in payment of any premiums on fire, or other insurance, if any, properly payable under this mortgage, payment of which is directed or confirmed in writing by NMIC; and in payment of the cost of executing necessary or proper repairs to the Mortgaged Premises or any part thereof directed or confirmed in writing by NMIC; and in payment of the cost of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver by reason of the provisions contained in this paragraph; and in payment of the Interest accruing due under this mortgage, and in or towards the discharge of the Moneys or any instalments thereof or solicitors' costs or other Enforcement Obligations secured by and due and payable under this mortgage, if and to the extent directed in writing by NMIC; and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver would have been entitled to receive the income of which he is appointed Receiver. To enable the Receiver to exercise the powers granted to him in the event of default under this mortgage, the Mortgagor hereby irrevocably appoints the Receiver attorney on its behalf to do all acts and things on behalf of and in the name of the Mortgagor as may be authorized herein, including carrying out the sale of all or any portion of the Mortgaged Premises and executing, on behalf of the Mortgagor, any deeds, transfers, conveyances, assignments, assurances or documents which, in the Receiver's absolute discretion are required to exercise the powers hereby granted, either by its own hand and seal or by affixing the seal of the Mortgagor and any deed, transfer, conveyance, assignment, assurance or document so signed shall have the same effect as if it were executed by the Mortgagor;

(h) The whole of the unpaid balance of the Moneys, Interest and all other amounts due hereunder or under the Security (as Enforcement Obligations or otherwise) shall at the option of NMIC become due and payable.

The Mortgagor agrees that NMIC may exercise one or all of the remedies set out in this paragraph 12 without prejudice to its rights to pursue other or additional remedies and that the choice of one remedy shall not constitute an election of remedies. Any amounts expended in pursuing and executing such remedies shall be constituted as Enforcement Obligations.

13. That the giving and taking of this mortgage shall in no way merge or affect any other security or securities that may have been, or that may hereafter be given in respect of any amounts secured by this mortgage or any part thereof, or impair or affect any such security or securities or any remedy thereon, and all rights or remedies which NMIC now has or may hereafter have against the Mortgagor or any other person or entity are hereby reserved, and the Mortgagor agrees that the taking of a judgment or judgments under any of the covenants or agreements herein contained or under any such security or securities or the entering into any arrangement (including the granting of time), compromise, release or discharge or the termination of any cause, claim or right whatsoever by NMIC with the Mortgagor or any other person or entity, to the exclusion of the Mortgagor or any other person or entity, whether prejudicial or beneficial to any one or more of them, shall

not operate as a merger of such covenants and agreements or affect the rights or remedies of NMIC under the said covenants herein contained or under any other such security or securities, or of NMIC's security herein by way of a charge against the Mortgaged Premises, or affect NMIC's right to Interest at the Interest Rate on any amounts owing to NMIC under the covenants contained in this mortgage, or under any other security or securities, it being understood and agreed that Interest at the Interest Rate shall run and be included and payable on any judgment or other proceedings taken herein and that any such judgment shall provide that Interest thereon shall be computed at the same rate and in the same manner as herein provided until such judgment shall have been fully paid and satisfied.

14. That NMIC may at any time release any part of the Mortgaged Premises, or any of the covenants and agreements herein contained, or any collateral security, either with or without any consideration therefor, and without being accountable for the value thereof, or for any money except what is actually received, and without thereby releasing or affecting any other of the Mortgaged Premises or any of the other covenants or agreements herein contained or releasing any surety or other security, and no person shall have any right to require the mortgage Moneys to be apportioned.

15. That NMIC shall have the right, but not the obligation, notwithstanding the performance by the Mortgagor of its covenants and agreements herein, to advance to or on behalf of the Mortgagor the Moneys or any part or parts thereof from time to time, and may exercise such right in its sole, unfettered, uncontrolled and unqualified discretion, and that neither execution, nor registration, nor acceptance of this mortgage, nor the advance of part of the Moneys secured hereunder shall bind NMIC to advance the Moneys or any unadvanced portion thereof, nor shall it fetter, control or qualify the said discretion of NMIC, but nevertheless the mortgage shall take effect forthwith upon execution of these presents. That should NMIC exercise its sole, unfettered, uncontrolled and unqualified discretion to advance the Moneys or any part thereof at any future date or dates, the amount of such advances when so made shall be secured hereby and repayable with Interest as herein provided. That the Mortgagor does not rely upon any representations, covenants or agreements, whether verbal or in writing made by NMIC or by any person acting or purporting to act on behalf of NMIC as to the advancement of the said Moneys or any part or parts thereof or any other matter which might influence the Mortgagor to execute this mortgage. With respect to the advancement of the said Moneys or any part or parts thereof, the Mortgagor specifically acknowledges the rights of NMIC as set forth in this paragraph.

16. That:

(a) Any lease granted by the Mortgagor shall be in form and content first approved in writing by NMIC, which approval shall not be unreasonably withheld and the Mortgagor will not accept or demand any prepayment of rent in excess of one (1) month under such lease or leases and will, on demand of NMIC forthwith execute and deliver to NMIC an assignment of the leases and all rents payable under such leases, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such lease and shall also execute and deliver to NMIC all such notices and other documents as may be required in order to render such assignment effectual in law, PROVIDED that nothing herein contained shall make NMIC responsible for the collection of rents payable under any such lease or for the performance of any covenants, terms or conditions contained in any such lease; nor shall the granting of any such consent be or be considered to be a granting of priority of any of the rights of any tenant in any such lease to the rights of NMIC hereunder; provided further that the Mortgagor shall not lease the whole or any portion of the Mortgaged Premises or any building thereon other than on a month to month basis without the prior written consent of NMIC, which consent shall not be unreasonably withheld;

(b) The Mortgagor shall generally and at all times act as a prudent owner in renting, and keeping rented the Mortgaged Premises with the view to deriving at all times the maximum rental therefrom and shall provide full and complete management of the Mortgaged Premises including, without limiting the generality of the foregoing, day to day management and operation, administration, clerical services, leasing, rent collection and lease enforcement, supervision and direction of maintenance and repair, supervision of construction and renovation programs and all matters generally required to promote, operate and maintain the Mortgaged Premises from time to time. Any person appointed by the Mortgagor to manage or administer the Mortgaged Premises shall first be approved in writing by NMIC, whose approval shall not be unreasonably withheld;

(c) The Mortgagor shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Mortgaged Premises and the earnings, income, rents, issues and profits thereof and will keep proper books of account and make therein true and faithful entries of all dealings and transactions in relation to its business;

(d) NMIC or an agent of NMIC may at any time and from time to time enter upon the Mortgaged Premises to inspect the Mortgaged Premises and to inspect the books of the Mortgagor, make extracts therefrom and generally conduct such examination of the books of account of the Mortgagor as NMIC may deem fit;

(e) NMIC shall not by virtue of these presents be deemed a mortgagee in possession of the Mortgaged Premises and shall be liable to account for only such rents as actually come into its hands less proper collection charges in respect thereof and that NMIC shall apply such rents to the principal, Interest or other charges due hereunder and if the Mortgagor is not in default under any covenant, proviso or agreement contained herein NMIC shall pay to the Mortgagor the excess of such rents collected over the amounts which will be due to NMIC hereunder (as estimated by NMIC) during the portion of the term to which such rents relate;

(f) The Mortgagor, within ten (10) days after receipt of a request to do so, shall certify to NMIC or any person designated by NMIC the amount of principal then due hereunder, the date to which Interest is paid, that it has no right of a set-off against the monies due hereunder, or, if it has such a right of set-off, the amount thereof and that there have been no amendments hereof or if there have been any such amendments specifying them;

(g) All buildings and erections (including the improvements) shall be situate wholly within the boundaries of the mortgaged property, and the Mortgagor undertakes to furnish to NMIC a Real Property Report to confirm the foregoing, such Real Property Report to be in form acceptable to NMIC, and without derogating from the generality of the foregoing, the said certificate shall identify and locate all improvements on the mortgaged property, the foundations thereof, and any underground projections, and show the property lines sufficiently to enable said lines to be followed from the legal description of the property, shall show the mortgaged property to be free of all encroachments and easements, (other than those approved by NMIC), and shall confirm compliance with municipal set back and side yard requirements and such other municipal bylaw requirements or the requirements of any other authority as NMIC may require;

(h) Any improvements constructed on the Mortgaged Premises have been constructed in accordance with and in due compliance with the requirements of all regulatory authorities having jurisdiction in that regard and that any improvements to be constructed shall only be constructed in strict accordance with plans and specifications first approved by NMIC and to standards acceptable to NMIC;

(i) The Mortgagor shall not make or permit to be made any alterations or additions in the Mortgaged Premises without the prior written consent of NMIC and shall not use the Mortgaged Premises or permit them to be used for a purpose other than that disclosed to NMIC in the Commitment Letter (if applicable), without the prior written consent of NMIC.

17. That all solicitor's, inspector's, consultant's architect's, valuator's, surveyor's and other fees and expenses for drawing and registering this mortgage and for examining the Mortgaged Premises and the title thereto, and for making or maintaining this mortgage a first charge on the Mortgaged Premises (save as endorsed hereon) or incurred as a result of default

hereunder or of endeavouring to collect with or without suit any Moneys payable hereunder, or of taking, recovering or keeping possession of Moneys payable hereunder, or of taking, recovering or keeping possession of the Mortgaged Premises, and generally in any other proceeding, matter or thing taken or done to protect or realize the security or any other security for the amount payable by the Mortgagor to NMIC hereunder, together with all sums which NMIC may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes, rates or in or toward payment of prior liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Premises or in maintaining, repairing, restoring or completing the Mortgaged Premises, including, without limitation, the cost of completion of construction of the said improvements notwithstanding that the costs thereof may exceed the Moneys secured hereunder, and in inspecting, leasing, managing or improving the Mortgaged Premises, including the price or value of any goods of any sort or description supplied to be used on the Mortgaged Premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting, and legal costs, as between solicitor and his own client on a full indemnity basis, and also an allowance for the time, work and expenses of NMIC, for any purpose herein provided for and whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise shall be secured hereby as Enforceable Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, shall bear Interest at the Interest Rate until paid, all such amounts to be repayable to NMIC on demand, or if not demanded, then repayable without demand with the next ensuing instalment payable hereunder (whether for Interest or principal).

18. That in the event of the Moneys advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, NMIC shall be subrogated to all the rights of, and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged, and the decision of NMIC as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid shall be final and binding upon the Mortgagor.

19. That NMIC shall not be charged with any monies receivable or collectible out of the Mortgaged Premises or otherwise except those actually received, and all revenue of the Mortgaged Premises received or collected by NMIC from any source other than payment by the Mortgagor may at the option of NMIC be retained in a suspense account or used in maintaining or insuring or improving the Mortgaged Premises, or in payment of taxes or other charges against the Mortgaged Premises, or applied on the mortgage account, and NMIC shall not be under any liability to pay interest on any sums in a suspense account.

20. That all payments to be made to NMIC shall be made at the address noted on page 1 hereof, or at such other address at which NMIC shall require payment to be made. All payments under this mortgage should be made before 12:00 o'clock noon on any day on which the payment is made. In the event the payment is made after 12:00 o'clock on any particular day, it is understood and agreed that the said payment will be deemed to have

been made on the next business day (being a day on which the Land Titles Office and the Chartered Banks in the City of Edmonton, Alberta are open for business) following the date on which payment is made. All payments made by mail shall be deemed received on the day and at the time of actual delivery to NMIC at the address at which NMIC shall require payment to be made; provided however that any payments made by mail and actually delivered to NMIC after 12:00 noon on any particular day shall be deemed to have been made on the next business day following the date on which payment was actually received.

21. That for better securing the punctual payment of the Moneys, Interest, Enforcement Obligations and other costs and charges as set out herein, the Mortgagor hereby attorns and becomes tenant to NMIC of the Mortgaged Premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments, and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of The Bankruptcy and Insolvency Act or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable be payable immediately thereafter. The legal relationship of landlord and tenant is hereby constituted between NMIC and the Mortgagor. NMIC may at any time after default hereunder enter upon the Mortgaged Premises, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit; but neither this clause nor anything done by virtue thereof shall render NMIC a mortgagee in possession or accountable for any monies except those actually received.

22. That the Mortgagor does hereby waive any and all rights, benefits and privileges which may otherwise exist at law or in equity to redeem this mortgage after any order of any court of competent jurisdiction has been granted for foreclosure or judicial sale of the Mortgaged Premises.

23. That the waiver by NMIC of the performance of any covenant, proviso, condition or agreement herein contained or implied, shall not abrogate such covenant, proviso, condition or agreement or be a waiver of any subsequent breach of the same.

24. That no extension of time given or alteration of the Interest Rate or alteration of principal repayments made by NMIC to the Mortgagor or its assigns or any one claiming under it or any other dealing by NMIC with the owner of the Mortgaged Premises shall in any way prejudice or affect the rights of NMIC against the Mortgagor or any other person.

25. That without prejudice to any rights of NMIC against the Mortgagor or any other persons liable for the payment of the Moneys hereby secured, this mortgage may be renewed by an agreement in writing at, before or after maturity, for any term, with or without a change in the Interest Rate (by way of an increase or decrease in rate or otherwise) notwithstanding that there may be subsequent mortgagees or encumbrancers. It shall not be necessary to register any such agreement in order to retain priority of this mortgage

PROVIDED, HOWEVER, that NMIC may at any time, at its option, register a caveat under and by virtue of such renewal agreement. Nothing herein shall obligate NMIC to renew or extend this mortgage.

26. That NMIC, without the consent of the Mortgagor, may assign in whole or in part the debt hereunder, this mortgage and any security collateral to this mortgage.

27. That the Mortgagor shall keep proper records and books with respect to its ownership and operation of the Mortgaged Premises and shall deliver or cause to be delivered to NMIC within one hundred and twenty (120) days following the end of each fiscal year of the Mortgagor, throughout the currency of this mortgage, a current rent roll and full accountant prepared (minimum review engagement) financial statements for the fiscal year then ended including sufficient detail to cover the operations of the mortgaged property, prepared in a manner acceptable to NMIC by a recognized firm of chartered accountants approved by NMIC and including a balance sheet, a detailed statement of income and expenditures, and supporting notes and schedules. In the event the Mortgagor is in default of its obligations hereunder, in addition to all other remedies which NMIC may have under this mortgage or otherwise, NMIC shall be allowed, whenever it deems necessary, to enter upon the offices or premises of the Mortgagor and inspect the books and records of the Mortgagor and make abstracts therefrom and generally conduct such examination of books and records as it may deem fit.

28. That the Mortgagor further covenants and agrees with NMIC as follows:

(a) The Mortgagor acknowledges that it has been advised by its counsel as to the meaning of Sections 49 and 52 of the Expropriation Act (Alberta) and being fully aware that under the terms of the said Act NMIC may be restricted to recovering the market value of this mortgage at the date of any expropriation, the Mortgagor hereby waives the provisions of Sections 49 and 52 of The Expropriation Act and further waives any provisions which may be enacted and in force from time to time in replacement of or in addition to the provisions of the said Sections 49 and 52 of The Expropriation Act;

(b) In the event that the Mortgaged Premises, or any part thereof which are secured by this mortgage are condemned or expropriated to an extent which, in NMIC's sole discretion, materially affects this mortgage security or any collateral security therefor, the full amount of the principal and Interest and any other monies secured by this mortgage then outstanding, shall, at the election of NMIC be deemed to become due and payable in full on the day before the Mortgaged Premises were expropriated or condemned and Interest shall accrue thereon, at the Interest Rate, until NMIC has been paid in full and the Mortgagor shall be estopped from denying otherwise;

(c) The Mortgagor will pay or cause to be paid to NMIC, upon the request of NMIC from any expropriation the whole of the proceeds thereof and if NMIC elects to accelerate the term of the mortgage pursuant to subparagraph (b) above, together with such additional funds as will retire the full amount of the Moneys then outstanding hereunder;

(d) That the Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the expropriation of the Mortgaged Premises or any part thereof, will notify NMIC of such proceedings.

(e) Any monies awarded by an order of the Surface Rights Board with respect to all or any part of the Mortgaged Premises to the extent of the full amount of the indebtedness upon this mortgage and obligation secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to NMIC, its successors and assigns.

29. That the Mortgagor, being aware of the provisions of The Law of Property Act (Alberta) whereby it is provided that in all cases, EXCEPT where a mortgage is given by a corporation, in any action brought upon any mortgage of land, the remedy of NMIC is limited to the land alone, and no action shall lie on the covenant for payment contained in such mortgage, and that any waiver or release given of the rights, benefits or protection under and by virtue of the relevant provisions of the said Law of Property Act is against public policy and void, the said Mortgagor, IF IT IS A CORPORATION, does expressly agree with NMIC that in the event of any default in the payment of indebtedness secured hereunder or otherwise howsoever and/or in any other security held by NMIC, then NMIC may proceed against the Mortgagor upon its covenant for payment, in accordance with the terms hereof, and may realize on any and all securities held by it, simultaneously or otherwise, as it in its absolute discretion may decide.

30.

(a) Each Mortgagor as to its respective lands warrants that to the best its knowledge:

(i) the Mortgaged Premises and the improvements thereon are free of any Hazardous Materials on, under or within;

(ii) no underground storage tanks system has ever been constructed, exists, or remains in use in connection with the Mortgaged Premises;

(iii) the Mortgaged Premises and its existing and prior uses comply and at all times did comply with, and the Mortgagor is not in violation of, and has not violated in connection with the ownership use, maintenance or operation of the Mortgaged Premises and the improvements thereon and the conduct of business related thereto, any applicable Environmental Laws;

(iv) the Mortgagor and the tenants (if any) of the Mortgaged Premises have operated the Mortgaged Premises and the improvements thereon and thereunder and have handled, used, stored, treated, shipped and disposed of all Hazardous Materials in strict compliance with all applicable Environmental Laws so that the Mortgaged Premises and the improvements thereon and thereunder are at all times suitable for the intended uses thereof at the time of entering into this mortgage;

(v) none of the Mortgagor, its tenants, or any other person, including but not limited to prior owners, occupants and tenants of the Mortgaged Premises, have received any notice or advice of any enforcement action arising from the existence, release, emanation, discharge, leakages or seepage or escape from, through or under the Mortgaged Premises any Hazardous Materials in breach of Environmental Laws;

(vi) no condition exists, as to any parcel of property contiguous with or in close proximity to the Mortgaged Premises and which would require disclosure pursuant to the foregoing warranties if such other parcel or parcels of property were included in the Mortgaged Premises.

(b) The Mortgagor shall cause to be conducted environmental assessments, audits and other inspections with respect to the Mortgaged Premises and the business of the Mortgagor and any obligation of NMIC to advance funds hereunder shall be subject to NMIC receiving reports satisfactory to NMIC in its sole discretion and subject to NMIC being satisfied in its sole discretion that there are no environmental matters that are adverse to the value of the Mortgaged Premises or the business of the Mortgagor.

(c) The Mortgagor represents, covenants and warrants in favour of NMIC, its successors and assigns, that:

(i) neither the Mortgagor, nor any other person, will permit any Hazardous Materials to be placed, held, located, or disposed from, in, on, under, above or at the Mortgaged Premises;

(ii) the Mortgagor will operate its business and assets in accordance with all applicable Environmental Laws and will not cause or permit any activities on the Mortgaged Premises which directly or indirectly could result in the Mortgaged Premises or any adjacent property, air, or water being contaminated with Hazardous Materials;

(iii) the Mortgagor will permit NMIC to conduct (at Mortgagor's expense secured hereunder as Enforcement Obligations) inspections, appraisals, assessments and audits of all or any of the Mortgagor's records, business and assets at any time and from time to time to ensure compliance with the Mortgagor's covenants herein;

(iv) The Mortgagor will provide written notice to NMIC immediately upon the Mortgagor becoming aware that the Mortgaged Premises or any adjacent property, water or land is being or has been contaminated with Hazardous Materials or if there has been any breach of any applicable Environmental Laws.

(d) The Mortgagor hereby indemnifies NMIC, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any losses, liabilities, damages, costs, expenses and claims of every nature and kind whatsoever relating to any Hazardous Materials placed, held, located or disposed of in, on, under or from the Mortgaged Premises including without limitation, the cost of defending and/or counterclaiming or claiming against third parties in respect of any action (all on the basis as between a solicitor and his own client on a full indemnity basis) and any cost, liability or damage arising out of any action against NMIC or a settlement of any action entered into by NMIC (with or without the consent of the Mortgagor) which may be paid or incurred with respect to, or as a direct or indirect result of the presence in, on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Mortgaged Premises or into or upon the land, the atmosphere or any water course, body of water, or wetland, of any Hazardous Materials as a result of a breach by the Mortgagor of its covenants herein set out or the breach of any Environmental Laws. All amounts payable to NMIC in respect of such indemnity shall be payable by the Mortgagor to NMIC on demand and shall constitute Enforcement Obligations.

(e) The provisions hereof shall survive the satisfaction and release of the security for, and payment and satisfaction of, the indebtedness and liability of the Mortgagor to NMIC pursuant to this mortgage and shall also survive realization on the security by way of order absolute for foreclosure.

(f) For the purpose of this mortgage:

(i) "Hazardous Materials" means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance or material;

(ii) "Environmental Laws" means any laws now or hereafter in force with respect to Hazardous Materials.

31. That each and every term, covenant and condition contained in the Security, in the Commitment Letter and each and every undertaking of the Mortgagor contained in every other instrument security, document or charge delivered to NMIC pursuant to the terms of the Commitment Letter, shall be deemed to be contained herein to the same extent and effect as if recited herein in full.

32. That in the event of any conflict between any provision(s) contained in this mortgage and in any one or more of the securities which are collateral to this mortgage or in the Security or in the Commitment Letter, NMIC shall have the right to elect the provision(s) that is to apply and upon such election, the provision(s) as elected by NMIC, shall apply.

33. Default under any prior or subsequent loan of the Mortgagor and any Guarantor to NMIC shall constitute a default under this loan and default under this loan shall constitute default under any prior or subsequent loan of the Mortgagor and any Guarantor to the NMIC.

34. It is specifically acknowledged and agreed that it is the intention that the within Mortgage secures a revolving line of credit up to the maximum principal sum specified in Section 1 hereof and shall be a continuous charge notwithstanding the balance owing hereunder may be fluctuating and even may, from time to time and at any time, be or have been reduced to a nil balance and notwithstanding monies advanced may be repaid and further advanced as made and shown from time to time and such continuous mortgage and charge shall be security for the Moneys up to the maximum principal sum aforesaid, Interest, Enforcement Obligations and other charges due and owing hereunder from time to time. The Mortgage (being a mortgage that provides for a revolving line of credit up to a specific principal sum) shall obtain priority in accordance with Section 104 of The Land Titles Act for all advances and obligations.

35. That the giving and taking of this Mortgage shall in no way merge or affect any of the Security or impair or affect any of the Security or any remedy thereon, and all rights and remedies which NMIC now has or may hereafter have against the Mortgagor or any other person or persons are hereby reserved, and the Mortgagor agrees that the taking of a judgment or judgments under any of the covenants herein contained or under the Security or the entering into any arrangement (including the granting of time), compromise, release or discharge or the termination of any cause, claim or right whatsoever by NMIC with the Mortgagor or any other person or persons, to the exclusion of the Mortgagor or any other person or persons, whether prejudicial or beneficial to any one or more of them, shall not operate as a merger of the rights or remedies of NMIC under the said covenants herein contained or under the Commitment Letter or any of the Security or of NMIC's security herein by way of a charge against the Mortgaged Premises, or affect NMIC's right to Interest on any Moneys, it being understood and agreed that Interest as provided for in this Mortgage shall run and be included and payable on any judgment or other proceedings taken herein or therein until any such judgment shall have been fully paid and satisfied. All Interest payable hereunder is intended to be expressed, calculated and limited to that permitted by law, and any rectification required by NMIC to reflect such intent shall be deemed to have been made prior to the advance of funds under the Commitment Letter, in whole or in part, or at any other material time.

36. That notwithstanding anything to the contrary herein contained, it is understood and agreed that if the Mortgaged Premises are subject to a registered Plan of Condominium

or if in the future, the Mortgagor causes a Plan of Condominium to be registered with respect to the Mortgaged Premises, the Mortgagor covenants and agrees with NMIC that:

(a) The Mortgagor shall observe and perform each and every one of the covenants and provisions required to be observed and performed by the Mortgagor by virtue of his ownership of the Mortgaged Premises (in this paragraph 36, hereinafter called "the Unit") or pursuant to the terms of this Mortgage, the Act, the bylaws of the Condominium Corporation and all respective amendments thereto;

(b) Without restricting the generality of the foregoing, the Mortgagor shall pay when due any administration expenses, assessments, instalments, contributions or payments leviable by the Condominium Corporation against the Unit or the Mortgagor as owner thereof (hereinafter referred to as the "common expenses"), failing which NMIC may, but shall not be obliged, to pay the same with any such payment to be secured hereunder as Enforcement Obligations;

(c) NMIC may deduct from any advance of monies secured by this Mortgage an amount sufficient to pay any common expenses attributable to the Unit which have or may become due and remain unpaid at the date for adjustment of interest;

(d) The Mortgagor shall, promptly following receipt thereof, transmit to NMIC any notices received from the Condominium Corporation including all notices and bills affecting the imposition of the common expenses with respect to the Unit;

(e) If the Mortgagor makes default in the performance of his obligations under this paragraph 36 (regardless of any action or proceedings taken or proposed by the Condominium Corporation) the same shall constitute default under this Mortgage to the same extent as if the time for payment of the Moneys hereby secured had fully come and expired;

(f) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or NMIC, NMIC may distrain for arrears of any assessments, instalments or payments due to NMIC or arising under any of the subparagraphs in this paragraph contained;

(g) The definitions contained in the Act shall apply to this Mortgage;

(h) The Mortgagor shall deliver to NMIC a copy of each and every:

   (i) notice of any meeting of members of the Condominium Corporation at least ten (10) clear days prior to the date fixed for such meeting;

   (ii) claim or demand for payment by the Mortgagor to the Condominium Corporation or to any person, firm or corporation duly authorized to receive monies otherwise payable to the Condominium Corporation at least five (5) clear days prior to the date upon which such claim or demand becomes due and payable;

(iii) notice of any breach of any of the provisions of the Act, the bylaws of the Condominium Corporation or of any rule or regulation of the Condominium Corporation within five (5) days of the date upon which such notice is received by the Mortgagor;

(iv) request or demand for the consent of the Mortgagor to any matter affecting the Unit within (5) days of the date upon which such request or demand is received by or made of the Mortgagor;

(i) In the event that the condominium status of the Unit is terminated or in the event of a sale of any part of the common elements is authorized by a vote of the owners thereof, then, all Moneys secured by this Mortgage shall, at the option of NMIC, immediately become due and payable and the powers of entering, leasing or selling and all other remedies hereunder shall without more become exercisable by NMIC;

(j) The Mortgagor does hereby irrevocably assign unto NMIC and by these presents does irrevocably authorize and empower NMIC to exercise the right of the Mortgagor as the owner of the Unit to vote or to consent to all matters relating to the affairs of the Condominium Corporation, provided however that:

(i) NMIC may at any time and from time to time give notice in writing to the Mortgagor and to the Condominium Corporation that NMIC does not intend to exercise its right to vote or consent and in that event until NMIC revokes such notice the Mortgagor may exercise the right to vote or consent;

(ii) any such notice may be for an indeterminate period of time or for a specific meeting or matter;

(iii) NMIC shall not by virtue of this assignment, authorization and power in favour of NMIC be under any obligation to vote or consent or to protect the interests of the Mortgagor nor be responsible for any exercise or failure to exercise the right to vote or consent;

(iv) this assignment, authorization and power in favour of NMIC or the exercise by NMIC of the right to vote or consent shall not constitute NMIC a Mortgagee in possession;

(v) in all situations where a unanimous resolution is not required, the right to vote may only be exercised by the Mortgagor if NMIC is not represented by proxy, or if represented by proxy, does not desire to vote;

(k) The Mortgagor does hereby irrevocably assign unto NMIC:

(i) any lease or rights to occupy any parking space or spaces in the building of which the Unit forms part, demised to or reserved or designated for exclusive use by the Mortgagor;

(ii) any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.

37. That when the context makes it possible the word "Mortgagee" wherever it occurs in this mortgage shall include the successors and assigns of NMIC and where applicable the mortgage insurer, its successors and assigns, and the word "Mortgagor" shall include the heirs, executors, administrators, successors and assigns of the Mortgagor and the word "person" shall include any body corporate or politic; and the words in the singular include the plural and words importing the masculine gender include females and all covenants herein contained or implied are to be construed as both joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied. Reference to any statute includes any successor thereto.

38. That all Interest payable hereunder is intended to be expressed, calculated and limited to that permitted by law and any rectification required by NMIC to reflect such intent shall be deemed to have been made prior to the advance of the Moneys, in whole or in part, or at any other material time.

39. That if any provision of this mortgage or the application thereof to any circumstances shall be held to be invalid or unenforceable, then the remaining provisions of this mortgage, or the application thereof to other circumstances shall not be affected thereby and shall be held valid and enforceable to the full extent permitted by law.

40. That for better securing to NMIC repayment in the manner aforesaid of the Moneys, Interest and Enforcement Obligations and other costs and charges payable by the Mortgagor to NMIC hereunder, each Mortgagor hereby respectively mortgages to NMIC all its estate and interest in the Mortgaged Premises above described.

41. The Mortgagor hereby consents to NMIC, being a credit granting corporation, conducting a Name Search in accordance with the Land Titles Act.

42. That in the event the Mortgagor shall make a permitted sale of the said lands at any time during the currency of this Mortgage, the Mortgagor shall procure the execution and delivery by the purchaser of an agreement with the Mortgagee whereby such permitted purchaser assumes an undertaking to pay the monies owing under this mortgage according to the terms hereof and to be bound by, observe and perform all covenants, agreements, conditions, stipulations and provisions herein contained or implied, and to

attorn and to become a tenant of the Mortgagee of the said lands under the terms of the attornment clause set out in this Mortgage, and in default of the execution and delivery of such agreement by the purchaser, all monies then remaining owing under this Mortgage shall in addition to any other remedy available to the Mortgagee hereunder, at the option of the Mortgagee become immediately due and payable.

IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal duly attested by the hands of its proper signing officers duly authorized in that behalf the day and year first above written.

CANADA NORTH CAMPS INC.

Heather Barnhouse
Witness

Per: ______________________
I/we have the authority to bind the Corporation

Per: ______________________
c/s

816956 ALBERTA LTD.

Heather Barnhouse
Witness

Per: ______________________
I/we have the authority to bind the Corporation

Per: ______________________
c/s

1371047 ALBERTA LTD.

Heather Barnhouse
Witness

Per: ______________________
I/we have the authority to bind the Corporation

Per: ______________________
c/s

<u>ADDRESS OF CANADA NORTH CAMPS INC:</u>

14238 – 134 Avenue, Edmonton, Alberta, T5L 5V8

<u>MEMORANDUM OF ENCUMBRANCES AND PRIOR CHARGES ON THE CANADA NORTH LANDS:</u>

952 164 874 Utility Right of Way – Centra Gas Alberta Inc.

ADDRESS OF 816956 ALBERTA LTD:

2900, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5

MEMORANDUM OF ENCUMBRANCES AND PRIOR CHARGES ON THE 816956 LANDS:

2654GJ	Caveat re Imperial Oil Limited
7061JC	Utility Right of Way – Tidewater Midstream and Infrastructure Ltd.
2930JN	Utility Right of Way – Tidewater Midstream and Infrastructure Ltd.
752 009 844	Caveat re Deferred Reserve
872 236 889	Caveat re Amending Agreement – Pembina Pipeline Corporation
922 229 625	Caveat re Right of Way – Pembina Pipeline Corporation
982 172 545	Caveat re Right of Way – Sinopec Daylight Energy Ltd.
152 205 493	Mortgage – First Island Financial Services Ltd.
152 205 494	Caveat re Assignment of Rents – First Island Financial Services Ltd.

ADDRESS OF 1371047 ALBERTA LTD:

14238 – 134 Avenue, Edmonton, Alberta, T5L 5V8

MEMORANDUM OF ENCUMBRANCES AND PRIOR CHARGES ON THE 1371047 LANDS:

022 349 944	Caveat re Lease – TM Mobile Inc.
102 253 454	Caveat re Lease Interest – Experienced Equipment Sales & Rentals Inc.
122 394 192	Mortgage – 506221 Alberta Ltd.

EXHIBIT"B"

Payout Statement

This is Exhibit "B" referred to in the affidavit of

Mark Eikeland

Sworn before me on September 18, 2018

(LAWYER/STUDENT-AT-LAW/COMMISSIONER OR JP)

REBECCA DOMOVITCH
906 Island Highway
Campbell River, BC V9W 2C3
PH: 250-287-8355 Fax: 250-287-8112
~~Barrister & Solicitor~~

Rebecca Domovitch

PRINT NAME ~~AND EXPIRY~~

NORTHLAND
MORTGAGE & INVESTMENT CORP.

CNC Camps
14238 - 134 Ave
Edmonton, Alberta T5L 5V8

September 14, 2018

c/o Kalen Lumsden klumsden@wittenlaw.com

Dear Kalen:

RE: Canada North Camps Mortgage payout

For our mutual record, I have summarized our mortgage payout as of September 14, 2018 below:

Property #1

Balance at July 1, 2017	$1,500,000.00
287 days Interest at 12.75% to April 13, 2018	230,547.94
Travel and site visit	3,500.00
Discharge fee	175.00
Balance	$1,734,222.94
Daily interest after September 14, 2018=$605.79	

Property #2

Balance at July 1, 2017	$750,000.00
123 days Interest at 10% to October 31, 2017	25,273.97
299 days Interest at 14.75% to September 14, 2018	90,621.57
Less: Interest reserve	(18,750.00)
Discharge fee	175.00
Balance	$847,320.54
Daily interest after September 14, 2018=$362.46	

Legal costs to date	49,620.71
Total estimated payout at September 14, 2018	$ 2,631,164.19

Security:

#1 PROPERTY: **1371047 Alberta Ltd. 1st mortgage on**
West 20 acres over 6 parcels of property at Gateway Industrial Park Bonnyville, Alberta
Legal: **Lots 1,2,3,4,5 and 6, Block 4, Plan 1324161**

Guarantors: **Paul McCracken, Shayne McCracken and Canada North Group Inc.**

#2 PROPERTY: **Canada North Camps Inc. - 1st Mortgage**
1241 Industrial Drive, Wabasca, Alberta site location home for a 199 bed executive camp with dorms and kitchens.
Legal: 5.06 acres over property at Wabasca, Alberta, Lot 0002 Block 0000 Plan 9920455

816956 Alberta Ltd. - 2nd mortgage on
121 acres of farm property at 54312 RGE RD 255 S PT, St. Albert, Alberta
Legal: SE-19-54-25-4. Including 2 warehouse buildings on property.

1371047 Alberta Ltd. - 2nd mortgage on
Warehouse property at 11210 Winterburn Road NW, Edmonton, Alberta
Winterburn Industrial Area West
Legal: Plan: 8622655 Block E

Guarantors: **Paul McCracken, Shayne McCracken, 1371047 Alberta Ltd., 816956 Alberta Ltd, Canada North Group Inc.**

If you have any questions, please do not hesitate to call. Thanks.

Best Regards,

....
Mark Eikeland
Director
Northland Mortgage & Investment Corp.

EXHIBIT"C"

Bonnyville Mortgage

This is Exhibit "C" referred to in the affidavit of

Mark Eikeland

Sworn before me on September 18, 2018

(LAWYER/~~STUDENT-AT-LAW/COMMISSIONER OR JP~~)

REBECCA DOMOVITCH
906 Island Highway
Campbell River, BC V9W 2C3
PH: 250-287-8355 Fax: 250-287-8112
Barrister & Solicitor

Rebecca Domovitch

PRINT NAME ~~AND EXPIRY~~

MORTGAGE

Pursuant to the Land Titles Act

Dated the ___ day of June, 2015

WHEREAS:

1. **1371047 ALBERTA LTD.** (the "Mortgagor") is a customer of **NORTHLAND MORTGAGE & INVESTMENT CORP.** ("NMIC");

2. The Mortgagor is now or may hereafter be indebted to NMIC;

3. NMIC has demanded from the Mortgagor security for payment to NMIC of all Moneys;

NOW THEREFORE, the Mortgagor being registered owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum written (or endorsed) hereon, of that piece of land situate in the Province of Alberta, Canada, being composed of:

<u>FIRSTLY</u>
PLAN 1324161
BLOCK 4
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.32 HECTARES (3.26 ACRES) MORE OR LESS

<u>SECONDLY</u>
PLAN 1324161
BLOCK 4
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.24 HECTARES (3.06 ACRES) MORE OR LESS

<u>THIRDLY</u>
PLAN 1324161
BLOCK 4
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.03 HECTARES (2.55 ACRES) MORE OR LESS

<u>FOURTHLY</u>
PLAN 1324161
BLOCK 4
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.98 HECTARES (2.42 ACRES) MORE OR LESS

FIFTHLY
PLAN 1324161
BLOCK 4
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.35 HECTARES (3.34 ACRES) MORE OR LESS

SIXTHLY
PLAN 1324161
BLOCK 4
LOT 6
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.18 HECTARES (2.92 ACRES) MORE OR LESS

(which lands, together with all buildings, erections and improvements now or hereafter located thereon are in this Mortgage referred to as the "Mortgaged Premises") in consideration of the Commitment Letter entered into between the Mortgagor and **NORTHLAND MORTGAGE & INVESTMENT CORP.** whose address is: **75 Rockland Road, Campbell River, British Columbia, V9W 1N4**, the Mortgagor covenants with NMIC as follows:

1. The Mortgagor hereby encumbers, mortgages and charges the Mortgaged Premises with the payment of the Moneys up to a maximum of ONE MILLION FIVE HUNDRED THOUSAND ($1,500,000.00) DOLLARS plus Interest, Enforcement Obligations and other charges in the nature of Enforcement Obligations owing hereunder or under the Security;

2. For the purpose of this Mortgage the following terms, when used in this Mortgage, shall have the following meanings:

    (1) "Enforcement Obligations" means all amounts secured hereunder which are stated to be Enforcement Obligations;

    (2) "Indebtedness" - shall be interpreted in its most comprehensive sense, and without limiting its generality, shall include any and all advances at any time and from time to time made by or on behalf of NMIC to or on behalf or on account of or at the direction of the Mortgagor, and all debts, obligations or liabilities of the Mortgagor to or in favour of NMIC, or for which NMIC may become responsible, whether direct, contingent or otherwise, present or future, insured or not, voluntary or involuntary, matured or not, liquidated or unliquidated, and whether the Mortgagor may be liable individually or jointly with others, and whether as principal or surety, and whether recovery upon such Indebtedness may be or hereafter become barred or unenforceable, and whether incurred by or arising from agreement or dealings between NMIC and the Mortgagor or others or by or from any agreement or dealings within or outside the country with any third party or arising out of a letter of credit or however otherwise incurred, and all Interest, Enforcement Obligations, commission, costs, including without limitation legal costs as between NMIC and its solicitor, charges and expenses of every nature and

kind whatsoever, which may be incurred, arising from or relating to the Indebtedness or the Security by which NMIC may be or become in any manner whatsoever a creditor of the Mortgagor;

(3) "Interest" means interest payable on the Moneys calculated at the rate and in the manner specified in the Commitment Letter or, if applicable, in the instrument or other agreement creating or evidencing the obligation to pay such interest and if not so specified in the Commitment Letter or such other instrument or agreement as specified herein.

(4) "Interest Rate" means the applicable rate of interest payable on the Moneys pursuant to the instrument(s) or other agreement(s) creating or evidencing an obligation to pay interest on the Money(s) or, if applicable, as set out in paragraph 3 hereof calculated and compounded as set out in the applicable instrument(s) or other agreement(s) creating or evidencing an obligation to pay interest or, if applicable, as set out in paragraph 3 hereof;

(5) "Commitment Letter" means that commitment letter or loan agreement dated the 11th day of June, 2015 together with any amendments or extensions or replacements thereof;

(6) "Moneys" - shall include the Indebtedness, Interest, Enforcement Obligations and all other sums due, owing or payable or which may become due, owing or payable under the Security, or this Mortgage;

(7) "Prime Rate" - the floating annual rate of interest established from time to time by NMIC as the base rate it will use to determine the rate of interest charged on Canadian dollar loans to customers in Canada and designated as "Prime Rate";

(8) "Security" - any documents other than this Mortgage, now held or hereafter held by NMIC, as security relating to the Moneys or any other liabilities or obligations of the Mortgagor to NMIC.

Any term defined in the Security and used herein shall have the same meaning as defined in the Security unless it is otherwise defined herein or the context otherwise so requires.

3. These presents are given and taken as general and continuing collateral security to secure payment of the Moneys and this Mortgage shall obtain priority for all Moneys notwithstanding that at any time or from time to time there may not be any Moneys then outstanding. The Mortgagor agrees to pay to NMIC each and every amount, indebtedness, liability and obligation forming part of the Moneys in the manner agreed to in respect of such amount, indebtedness, liability or obligation. Any future or contingent liability that does not constitute a debt or loan shall accrue and be payable on the satisfaction of any applicable condition or contingency which is specified in the agreement or deal in creating such future or contingent liability or upon the satisfaction of any other condition

or contingency which may be applicable to making a determination of whether such liability is accrued and payable. The accounts and records of NMIC shall, in the absence of manifest error, constitute prima facie evidence of the amount of the Moneys outstanding and owing from time to time by the Mortgagor to NMIC. Unless otherwise specified herein, or in an instrument or other agreement creating or evidencing an obligation to pay Interest on the Moneys, the Mortgagor shall pay to NMIC Interest on the amount of the Moneys outstanding from time to time for which no rate of interest is otherwise specified for the period commencing on the date of advance of funds or, in the case of contingent liability, the date of demand for payment thereof until paid, such interest to be calculated at a rate equal to the Prime Rate plus Ten (10.00%) percent per annum, calculated and payable monthly, not in advance, both before and after default and judgment.

4. That all Interest in arrears shall bear Interest thereon until paid.

5. That save as hereinafter described, the Mortgagor will pay when and as same fall due, all taxes, rates, liens, charges, encumbrances or claims (hereinafter sometimes referred to as "taxes") which are or may be or become charges or claims against the Mortgaged Premises. NMIC may, however, estimate the amount of taxes payable in each year. If so estimated, the Mortgagor covenants and agrees to pay to NMIC sufficient monies by equal monthly instalments to be applied on account thereof, as may be required to pay the taxes for the then current year. The said monthly instalments shall be paid on the first day of each and every month during the term of this mortgage commencing with the first day of the month next following the month in which NMIC gives notice to the Mortgagor that NMIC has estimated the amount of taxes and requires payment by monthly instalments. NMIC agrees to apply such payments on the taxes so long as the Mortgagor is not in default under any covenant or agreement contained in this mortgage, nothing herein contained shall obligate NMIC to apply such payments on account of taxes more often than annually. If the Mortgagor shall pay any sum or sums to NMIC to apply on taxes, and if before the same shall have been so applied there shall be default by the Mortgagor in respect of any payment of principal or Interest as herein provided, NMIC may at its option, apply such sum or sums in or towards payment of the principal and/or Interest in default. In the event that the taxes actually charged for any one year, together with any interest and penalties thereon, exceed the estimated amount, the Mortgagor covenants and agrees to pay to NMIC on demand the amount required to make up the deficiency. The Mortgagor further covenants and agrees to transmit to NMIC the tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

That it is understood and agreed that NMIC shall not be compelled to estimate and collect taxes in accordance with this paragraph 5 but shall do so only at its option.

Should the Mortgagor become in default of its obligation in this paragraph 5, NMIC shall have the right itself to pay the taxes and the amount so paid, as aforesaid, by NMIC shall be secured hereby as Enforcement Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, and shall bear Interest at the

Interest Rate until paid, all such monies to be repayable to NMIC on demand, or if not demanded repayable on the next ensuing instalment (whether principal or Interest).

6. That NMIC may, without further authority and from time to time as NMIC may desire, make advances of Moneys to be secured under this mortgage as Enforcement Obligations in:

   (a) an amount or amounts, which when added at the date next ensuing upon which taxes become due and payable to those portions of the then paid up monthly instalments under paragraph 5, will be sufficient to pay and discharge the taxes;

   (b) an amount or amounts sufficient to defray Interest accrued hereunder and unpaid from time to time;

   (c) an amount or amounts sufficient to defray fees due NMIC in respect of unadvanced funds or standby fees, and the like,

   and upon making such advances, will have the right to apply such advances for the purpose described in this paragraph 6 for which they were advanced. Nothing herein shall obligate NMIC to make the advances in this paragraph 6 described.

7. That the Mortgagor shall pay to NMIC Interest as aforesaid and all Interest on becoming overdue shall be forthwith treated, as to payment of Interest thereon, as principal and shall bear Interest thereon at the Interest Rate computed with rests and compounded at each Interest Date (being the date that Interest is compounded pursuant to the terms hereof) as well after as before default or maturity of this mortgage and after judgment hereunder and all such Interest shall be a charge on the Mortgaged Premises; and in the event of non-payment of any of the Moneys hereby secured at the time herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay Interest at the Interest Rate thereon.

8. That the Mortgagor shall forthwith insure and keep insured during the continuance of this security:

   (a) the improvements and all insurable property from time to time forming part of the Mortgaged Premises in an amount not less than:

      (i) while under construction, the full contract price for such construction plus extras and additions which, from time to time, may be added thereto; and

      (ii) following completion of construction the "Replacement Cost" thereof,

   against the minimum perils of fire, explosion, impact by aircraft or vehicles, lightning, riot, vandalism or malicious acts, smoke, leakage from fire protective equipment, windstorm or hail, or other perils normally included in an Extended Coverage Endorsement or, alternatively, in an "All Risk" form, providing coverage at least equivalent to "IOA Form 507-Builders All Risk" during construction and following the construction period on a policy of insurance at least equivalent to "IOA Form 700-Commercial Building Form";

(b) for public liability and property damage insurance in an amount equal to TWO MILLION ($2,000,000.00) DOLLARS in respect of any one occurrence;

(c) against loss or damage due to perils covered by broad form boiler and pressure vessel insurance policies an amount equal to the full value of the Mortgaged Premises (exclusive of lands only) or a lesser amount if approved in writing by NMIC, which shall include provision for loss or damage against sudden and accidental breakdown of boiler or any vessel subject to pressure or vacuum, unfired pressure vessel, other fired pressure vessels, and refrigeration systems;

(d) against business interruption for loss resulting from those perils covered by the insurance described above in sections (a) and (c) of this paragraph 8 under which the period of indemnity will not be less than twelve (12) months providing for not less than One Hundred (100%) per cent of the resulting loss of rent or, at the option of NMIC, for coverage on an insurable gross profits basis;

(e) for such other perils as NMIC may deem reasonable and prudent.

All such insurance shall:

(aa) be carried in a company or companies to be approved by NMIC;

(bb) be in a form acceptable to NMIC; and

(cc) where applicable, grant permission for partial occupancy;

(dd) provide that the insurer will neither terminate or alter the policy to the prejudice of Mortgagee except by registered letter giving notification of thirty (30) days.

The loss for all such policies shall be solely made payable to NMIC as first loss payee, with NMIC's mortgage clause affixed to each policy by the insurer. The Mortgagor shall pay all premiums and sums of money necessary for such purpose as the same shall become due, and shall not do anything which might cause the policy to be voided, and does hereby assign and deliver to NMIC the policy or policies of insurance and all renewal receipts and renewals thereto appertaining and will deliver evidence of renewal to NMIC at least fifteen (15) days prior to the expiration of any policy.

The Mortgagor shall maintain, at all times, a sufficient amount of insurance to meet the requirements of any "stated amount co-insurance clause" contained in any policy of insurance, so as to prevent it from becoming a co-insurer under the terms of such policy. The Mortgagor will, in compliance with the provision of section (a) of this paragraph 8, arrange that the insurance which is in effect subsequent to the completion of construction is to be subject to the customary "stated amount co-insurance clause" of insurers and shall, in this regard, file values as required under these clauses.

In the event of any breach of the foregoing covenants respecting insurance NMIC may, at its option, effect such insurance on behalf of and at the cost of the Mortgagor secured hereunder as Enforcement Obligations, and at the option of NMIC, the whole of the Moneys hereby secured remaining unpaid shall forthwith become due and payable. Forthwith on the happening of any loss or damage as aforesaid (notwithstanding any law, equity or statute to the contrary, and in particular, the Alberta Insurance Act and The Fire Prevention (Metropolis) Act, 1774 (14 Geo. 3 C.78), all rights and benefits of the Mortgagor thereunder being hereby expressly waived) the Mortgagor, at the expense of the Mortgagor, will furnish all necessary proofs and do all necessary acts to enable NMIC to obtain payment of the insurance monies and any such insurance monies received by NMIC may, at the option of NMIC, be applied in repairing or rebuilding the Mortgaged Premises, or be applied to the payment of the Moneys hereby secured (whether or not any amount is then due) in such manner as NMIC may determine or be paid to the Mortgagor or any person appearing by the registered title to be the owner of the Mortgaged Premises or partly in one way and partly in another. This provision shall be in addition to any statutory covenants implied in this mortgage.

That pending application of any insurance monies, the said monies shall be deemed to form part of the Mortgaged Premises and shall be subject to the charge created by this mortgage.

The Mortgagor hereby irrevocably appoints NMIC as attorney on its behalf to do all acts and things on behalf of and in the name of the Mortgagor to settle all insurance claims and to receive the proceeds of all monies payable under any insurance policy and to give effectual receipts therefor, and in so doing, NMIC shall have no liability to the Mortgagor for any act so done by NMIC.

Provided however that in the event the Mortgagor causes a Condominium Plan to be registered, then and in that event, the Mortgagor and the Condominium Corporation created upon registration of the Condominium Plan (hereinafter referred to as the "Condominium Corporation") will fully comply with the insurance provisions of The Condominium Property Act, as same may be amended from time to time, (hereinafter sometimes called the "Act") and the bylaws of the Condominium Corporation, and that the Mortgagor will when required by NMIC forthwith deliver to NMIC evidence satisfactory to NMIC of compliance by the Mortgagor and the Condominium Corporation with the insurance provisions of the Act and of the bylaws of the Condominium Corporation.

9. That all erections, buildings, machinery, plant and improvements whatsoever, including furnaces, boilers, water heaters and all plumbing, air-conditioning, ventilating and heating equipment, elevators, escalators and lifts, carpets, electric light fixtures, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment

appurtenant thereto, which are now or which shall hereafter be put upon the Mortgaged Premises, are or shall thereafter be deemed to be fixtures and a part of the realty and the security for the Moneys hereby secured, even though not attached otherwise than by their own weight. The Mortgagor shall not commit any act of waste thereon, and shall at all times during the continuance of this security keep the same in good repair, maintain, restore, mend, keep, make good, finish, add to and put in order. In the event of any loss or damage thereto or destruction thereof NMIC may give notice to the Mortgagor to repair, rebuild or reinstate the same within a time to be determined by NMIC and to be stated in such notice. If the Mortgagor fails to so repair, rebuild or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the amount secured hereunder shall, at the option of NMIC, become immediately due and payable without demand by NMIC upon the Mortgagor. NMIC may repair, rebuild or reinstate the Mortgaged Premises at the cost of the Mortgagor and charge all sums of money determined by NMIC to be properly paid therefor to the mortgage account to be secured hereunder as Enforcement Obligations, all notwithstanding any law, equity or statute to the contrary.

10. That the Mortgagor further covenants and agrees with NMIC that:

    (a) the Mortgagor has good title to the Mortgaged Premises free from all encumbrances (save as endorsed hereon);

    (b) the Mortgagor has the right to mortgage the Mortgaged Premises;

    (c) on default NMIC shall have quiet possession of the Mortgaged Premises free from all encumbrances (save as endorsed hereon);

    (d) the Mortgagor shall execute such further assurances of the Mortgaged Premises as may be requisite;

    (e) the Mortgagor has done no act to encumber the Mortgaged Premises (save as endorsed hereon).

11. That the Mortgagor shall not:

    (a) lease (other than in accordance with the terms of this mortgage), sell, transfer, assign or otherwise dispose of the within mortgaged property or any part thereof at any time during the currency of this mortgage to any purchaser, transferee or assignee;

    (b) alter the use of the Mortgaged Premises from that originally contemplated;

    (c) if the Mortgagor is a corporation, allow any change of ownership of the capital stock of the corporation, whether legal or beneficial, from that disclosed to NMIC at the date of this mortgage;

(d) register against the Mortgaged Premises a mortgage or other charge other than notified by memorandum underwritten or endorsed herein,

without the written consent of NMIC first had and obtained, which consent NMIC may unreasonably or arbitrarily withhold.

If the Mortgagor takes any of the steps outlined in (a) through (d) above without the prior written consent of the Mortgagee, the full amount then secured by this mortgage shall, at the option of the Mortgagee, become immediately due and payable upon notice to the Mortgagor.

12. That in the event of non-payment of any of the Moneys secured hereunder or any part thereof at the time of falling due of same under the terms of this mortgage, or in the event of non-payment of Interest or of any further amounts as provided for in this mortgage, or in the event of default or apprehended default being made in any of the covenants, agreements, provisos or stipulations otherwise expressed or implied herein, in the Security, or in the Commitment Letter or if the Mortgagor shall become bankrupt or insolvent or shall be subject to the provisions of The Bankruptcy and Insolvency Act, The Companies' Creditors' Arrangement Act, The Winding-Up and Restructuring Act or any other Act for the benefit of creditors or go into liquidation either voluntarily or under an order of a court of competent jurisdiction, or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, or upon the registration of any builders' lien against the Mortgaged Premises, which lien remains undischarged for a period of thirty (30) days after notice of the registration thereof is given to the Mortgagor, or if any buildings or other improvements being erected on the Mortgaged Premises are allowed to remain unfinished, abandoned or left vacant, or if construction of the improvements ceases for a period of more than thirty (30) days:

(a) NMIC at its option may, at the expense of the Mortgagor to be secured hereunder as Enforcement Obligations, and when and to such extent as NMIC deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation;

(b) NMIC may send or employ an inspector to inspect and report upon the value, state and condition of the Mortgaged Premises and a solicitor to examine and report upon the title to the same;

(c) NMIC may enter into possession of the Mortgaged Premises and whether in or out of possession collect the rents and profits therefrom, and make any demise or lease of the said premises or any part thereof for such terms and periods and at such rents as NMIC shall think proper; and the power of sale hereunder may be exercised before or after and subject to any such demise or lease;

(d) NMIC at such time or times as it may deem necessary and without the concurrence of any other person through its servants, agents or contractors may enter upon the Mortgaged Premises and may make such arrangements for repairing or putting in order any buildings or other improvements on the Mortgaged Premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Mortgaged Premises as it may deem expedient, and all costs, charges, and expenses incurred by NMIC in so doing, including allowances for the time and service of any agent of NMIC or other person appointed for the above purposes or in connection therewith shall be secured hereby as Enforcement Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, shall bear Interest at the Interest Rate until paid, all such monies to be repayable to NMIC on demand, or if not demanded, then repayable without demand on the date for payment of the next ensuing instalment (whether for Interest or principal).

(e) NMIC shall have full power, right and license to enter, seize and distrain upon the Mortgaged Premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the mortgage Moneys as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent;

(f) NMIC may sell and dispose of the Mortgaged Premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Mortgaged Premises; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon NMIC under and by virtue of any statute or by this mortgage may be exercised; and any notice may be effectually given by delivering such notice or mailing such notice by single registered mail to the Mortgagor at the address of the Mortgagor shown hereinafter; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Mortgaged Premises hereunder, and NMIC may sell, transfer and convey any part of the Mortgaged Premises, on such terms of credit or part cash and part credit secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to NMIC most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, NMIC is not to be accountable for or charged with any monies until the same shall be actually received in cash; and sales may be made from time to time on parts of the Mortgaged Premises to satisfy Interest or parts of the Moneys overdue, leaving the Moneys or parts thereof to run with Interest payable as aforesaid; and NMIC may make any stipulations as to title or evidence or commencement of title or otherwise as NMIC shall deem proper, and may rescind or vary any contract for sale; and on any sale or resale, NMIC shall not be answerable for any loss occasioned thereby; and for any such purposes NMIC may make and execute all agreements and assurances that NMIC shall deem advisable or necessary; and in case of any sale held by NMIC under and by virtue of the laws of the Province of Alberta under the power of sale herein contained shall prove abortive, NMIC may take foreclosure proceedings in respect of the Mortgaged Premises in accordance with the provisions of the laws of the Province of Alberta in that regard; and in the event of any deficiency on account of Moneys secured by this mortgage remaining due to NMIC after realizing all of the Mortgaged Premises by sale or otherwise then the Mortgagor will pay to NMIC on demand the amount of such deficiency with Interest at the Interest Rate;

(g) NMIC shall be entitled (in addition and without prejudice to all its other rights and privileges) forthwith to apply for and obtain the appointment of a Receiver or Manager, or Receiver and Manager or Receiver-Manager (hereinafter referred to as the "Receiver") of the Mortgaged Premises and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the property of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or NMIC, and give effectual receipts therefor and every such Receiver may by writing at the discretion of NMIC be vested with any or all of the powers and discretions of NMIC herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the Mortgaged Premises or any part thereof and may exercise all the powers conferred upon NMIC hereby; AND THAT the Receiver may be removed; AND THAT if any Receiver is removed, dies or refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by NMIC in writing under the hand of any authorized solicitor or agent as aforesaid; AND THAT NMIC may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for all disbursements properly incurred by him in carrying out his duties and his fees and in such payments shall be a charge upon the Mortgaged Premises, secured as Enforcement Obligations, and shall be payable on demand and shall bear Interest at the Interest Rate, but NMIC shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that subject to the retention of his remuneration and disbursements as aforesaid, the Receiver shall apply all monies received by him in such of the following modes and in such order or priority, subject to the order of any court of competent jurisdiction, or as otherwise provided at law, as NMIC may from time to time at its option direct in writing, namely: IN discharge of all rents, taxes, rates, assessments and outgoings whatever affecting the Mortgaged Premises; and payment of all annual sums or other payments; and in making any payments due under any prior mortgage or lien; and in payment of any premiums on fire, or other insurance, if any, properly payable under this mortgage, payment of which is directed or confirmed in writing by NMIC; and in payment of the cost of executing necessary or proper repairs to the Mortgaged Premises or any part thereof directed or confirmed in writing by NMIC; and in payment of the cost of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver by reason of the provisions contained in this paragraph; and in payment of the Interest accruing due under this mortgage, and in or towards the discharge of the Moneys or any instalments thereof or solicitors' costs or other Enforcement Obligations secured by and due and payable under this mortgage, if and to the extent directed in writing by NMIC; and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver would have been entitled to receive the income of which he is appointed Receiver. To enable the Receiver to exercise the powers granted to him in the event of default under this mortgage, the Mortgagor hereby irrevocably appoints the Receiver attorney on its behalf to do all acts and things on behalf of and in the name of the Mortgagor as may be authorized herein, including carrying out the sale of all or any portion of the Mortgaged Premises and executing, on behalf of the Mortgagor, any deeds, transfers, conveyances, assignments, assurances or documents which, in the Receiver's absolute discretion are required to exercise the powers hereby granted, either by its own hand and seal or by affixing the seal of the Mortgagor and any deed, transfer, conveyance, assignment, assurance or document so signed shall have the same effect as if it were executed by the Mortgagor;

(h) The whole of the unpaid balance of the Moneys, Interest and all other amounts due hereunder or under the Security (as Enforcement Obligations or otherwise) shall at the option of NMIC become due and payable.

The Mortgagor agrees that NMIC may exercise one or all of the remedies set out in this paragraph 12 without prejudice to its rights to pursue other or additional remedies and that the choice of one remedy shall not constitute an election of remedies. Any amounts expended in pursuing and executing such remedies shall be constituted as Enforcement Obligations.

13. That the giving and taking of this mortgage shall in no way merge or affect any other security or securities that may have been, or that may hereafter be given in respect of any amounts secured by this mortgage or any part thereof, or impair or affect any such security or securities or any remedy thereon, and all rights or remedies which NMIC now has or may hereafter have against the Mortgagor or any other person or entity are hereby reserved, and the Mortgagor agrees that the taking of a judgment or judgments under any of the covenants or agreements herein contained or under any such security or securities or the entering into any arrangement (including the granting of time), compromise, release or discharge or the termination of any cause, claim or right whatsoever by NMIC with the Mortgagor or any other person or entity, to the exclusion of the Mortgagor or any other person or entity, whether prejudicial or beneficial to any one or more of them, shall

not operate as a merger of such covenants and agreements or affect the rights or remedies of NMIC under the said covenants herein contained or under any other such security or securities, or of NMIC's security herein by way of a charge against the Mortgaged Premises, or affect NMIC's right to Interest at the Interest Rate on any amounts owing to NMIC under the covenants contained in this mortgage, or under any other security or securities, it being understood and agreed that Interest at the Interest Rate shall run and be included and payable on any judgment or other proceedings taken herein and that any such judgment shall provide that Interest thereon shall be computed at the same rate and in the same manner as herein provided until such judgment shall have been fully paid and satisfied.

14. That NMIC may at any time release any part of the Mortgaged Premises, or any of the covenants and agreements herein contained, or any collateral security, either with or without any consideration therefor, and without being accountable for the value thereof, or for any money except what is actually received, and without thereby releasing or affecting any other of the Mortgaged Premises or any of the other covenants or agreements herein contained or releasing any surety or other security, and no person shall have any right to require the mortgage Moneys to be apportioned.

15. That NMIC shall have the right, but not the obligation, notwithstanding the performance by the Mortgagor of its covenants and agreements herein, to advance to or on behalf of the Mortgagor the Moneys or any part or parts thereof from time to time, and may exercise such right in its sole, unfettered, uncontrolled and unqualified discretion, and that neither execution, nor registration, nor acceptance of this mortgage, nor the advance of part of the Moneys secured hereunder shall bind NMIC to advance the Moneys or any unadvanced portion thereof, nor shall it fetter, control or qualify the said discretion of NMIC, but nevertheless the mortgage shall take effect forthwith upon execution of these presents. That should NMIC exercise its sole, unfettered, uncontrolled and unqualified discretion to advance the Moneys or any part thereof at any future date or dates, the amount of such advances when so made shall be secured hereby and repayable with Interest as herein provided. That the Mortgagor does not rely upon any representations, covenants or agreements, whether verbal or in writing made by NMIC or by any person acting or purporting to act on behalf of NMIC as to the advancement of the said Moneys or any part or parts thereof or any other matter which might influence the Mortgagor to execute this mortgage. With respect to the advancement of the said Moneys or any part or parts thereof, the Mortgagor specifically acknowledges the rights of NMIC as set forth in this paragraph.

16. That:

(a) Any lease granted by the Mortgagor shall be in form and content first approved in writing by NMIC, which approval shall not be unreasonably withheld and the Mortgagor will not accept or demand any prepayment of rent in excess of one (1) month under such lease or leases and will, on demand of NMIC forthwith execute and deliver to NMIC an assignment of the leases and all rents payable under such leases, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such lease and shall also execute and deliver to NMIC all such notices and other documents as may be required in order to render such assignment effectual in law, PROVIDED that nothing herein contained shall make NMIC responsible for the collection of rents payable under any such lease or for the performance of any covenants, terms or conditions contained in any such lease; nor shall the granting of any such consent be or be considered to be a granting of priority of any of the rights of any tenant in any such lease to the rights of NMIC hereunder; provided further that the Mortgagor shall not lease the whole or any portion of the Mortgaged Premises or any building thereon other than on a month to month basis without the prior written consent of NMIC, which consent shall not be unreasonably withheld;

(b) The Mortgagor shall generally and at all times act as a prudent owner in renting, and keeping rented the Mortgaged Premises with the view to deriving at all times the maximum rental therefrom and shall provide full and complete management of the Mortgaged Premises including, without limiting the generality of the foregoing, day to day management and operation, administration, clerical services, leasing, rent collection and lease enforcement, supervision and direction of maintenance and repair, supervision of construction and renovation programs and all matters generally required to promote, operate and maintain the Mortgaged Premises from time to time. Any person appointed by the Mortgagor to manage or administer the Mortgaged Premises shall first be approved in writing by NMIC, whose approval shall not be unreasonably withheld;

(c) The Mortgagor shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Mortgaged Premises and the earnings, income, rents, issues and profits thereof and will keep proper books of account and make therein true and faithful entries of all dealings and transactions in relation to its business;

(d) NMIC or an agent of NMIC may at any time and from time to time enter upon the Mortgaged Premises to inspect the Mortgaged Premises and to inspect the books of the Mortgagor, make extracts therefrom and generally conduct such examination of the books of account of the Mortgagor as NMIC may deem fit;

(e) NMIC shall not by virtue of these presents be deemed a mortgagee in possession of the Mortgaged Premises and shall be liable to account for only such rents as actually come into its hands less proper collection charges in respect thereof and that NMIC shall apply such rents to the principal, Interest or other charges due hereunder and if the Mortgagor is not in default under any covenant, proviso or agreement contained herein NMIC shall pay to the Mortgagor the excess of such rents collected over the amounts which will be due to NMIC hereunder (as estimated by NMIC) during the portion of the term to which such rents relate;

(f) The Mortgagor, within ten (10) days after receipt of a request to do so, shall certify to NMIC or any person designated by NMIC the amount of principal then due hereunder, the date to which Interest is paid, that it has no right of a set-off against the monies due hereunder, or, if it has such a right of set-off, the amount thereof and that there have been no amendments hereof or if there have been any such amendments specifying them;

(g) All buildings and erections (including the improvements) shall be situate wholly within the boundaries of the mortgaged property, and the Mortgagor undertakes to furnish to NMIC a Real Property Report to confirm the foregoing, such Real Property Report to be in form acceptable to NMIC, and without derogating from the generality of the foregoing, the said certificate shall identify and locate all improvements on the mortgaged property, the foundations thereof, and any underground projections, and show the property lines sufficiently to enable said lines to be followed from the legal description of the property, shall show the mortgaged property to be free of all encroachments and easements, (other than those approved by NMIC), and shall confirm compliance with municipal set back and side yard requirements and such other municipal bylaw requirements or the requirements of any other authority as NMIC may require;

(h) Any improvements constructed on the Mortgaged Premises have been constructed in accordance with and in due compliance with the requirements of all regulatory authorities having jurisdiction in that regard and that any improvements to be constructed shall only be constructed in strict accordance with plans and specifications first approved by NMIC and to standards acceptable to NMIC;

(i) The Mortgagor shall not make or permit to be made any alterations or additions in the Mortgaged Premises without the prior written consent of NMIC and shall not use the Mortgaged Premises or permit them to be used for a purpose other than that disclosed to NMIC in the Commitment Letter (if applicable), without the prior written consent of NMIC.

17. That all solicitor's, inspector's, consultant's architect's, valuator's, surveyor's and other fees and expenses for drawing and registering this mortgage and for examining the Mortgaged Premises and the title thereto, and for making or maintaining this mortgage a first charge on the Mortgaged Premises (save as endorsed hereon) or incurred as a result of default

hereunder or of endeavouring to collect with or without suit any Moneys payable hereunder, or of taking, recovering or keeping possession of Moneys payable hereunder, or of taking, recovering or keeping possession of the Mortgaged Premises, and generally in any other proceeding, matter or thing taken or done to protect or realize the security or any other security for the amount payable by the Mortgagor to NMIC hereunder, together with all sums which NMIC may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes, rates or in or toward payment of prior liens, charges, encumbrances or claims charged or to be charged against the Mortgaged Premises or in maintaining, repairing, restoring or completing the Mortgaged Premises, including, without limitation, the cost of completion of construction of the said improvements notwithstanding that the costs thereof may exceed the Moneys secured hereunder, and in inspecting, leasing, managing or improving the Mortgaged Premises, including the price or value of any goods of any sort or description supplied to be used on the Mortgaged Premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting, and legal costs, as between solicitor and his own client on a full indemnity basis, and also an allowance for the time, work and expenses of NMIC, for any purpose herein provided for and whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise shall be secured hereby as Enforceable Obligations and shall (together with Interest thereon at the Interest Rate) be a charge on the Mortgaged Premises, shall bear Interest at the Interest Rate until paid, all such amounts to be repayable to NMIC on demand, or if not demanded, then repayable without demand with the next ensuing instalment payable hereunder (whether for Interest or principal).

18. That in the event of the Moneys advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, NMIC shall be subrogated to all the rights of, and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged, and the decision of NMIC as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid shall be final and binding upon the Mortgagor.

19. That NMIC shall not be charged with any monies receivable or collectible out of the Mortgaged Premises or otherwise except those actually received, and all revenue of the Mortgaged Premises received or collected by NMIC from any source other than payment by the Mortgagor may at the option of NMIC be retained in a suspense account or used in maintaining or insuring or improving the Mortgaged Premises, or in payment of taxes or other charges against the Mortgaged Premises, or applied on the mortgage account, and NMIC shall not be under any liability to pay interest on any sums in a suspense account.

20. That all payments to be made to NMIC shall be made at the address noted on page 1 hereof, or at such other address at which NMIC shall require payment to be made. All payments under this mortgage should be made before 12:00 o'clock noon on any day on which the payment is made. In the event the payment is made after 12:00 o'clock on any particular day, it is understood and agreed that the said payment will be deemed to have

been made on the next business day (being a day on which the Land Titles Office and the Chartered Banks in the City of Edmonton, Alberta are open for business) following the date on which payment is made. All payments made by mail shall be deemed received on the day and at the time of actual delivery to NMIC at the address at which NMIC shall require payment to be made; provided however that any payments made by mail and actually delivered to NMIC after 12:00 noon on any particular day shall be deemed to have been made on the next business day following the date on which payment was actually received.

21. That for better securing the punctual payment of the Moneys, Interest, Enforcement Obligations and other costs and charges as set out herein, the Mortgagor hereby attorns and becomes tenant to NMIC of the Mortgaged Premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments, and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of The Bankruptcy and Insolvency Act or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable be payable immediately thereafter. The legal relationship of landlord and tenant is hereby constituted between NMIC and the Mortgagor. NMIC may at any time after default hereunder enter upon the Mortgaged Premises, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit; but neither this clause nor anything done by virtue thereof shall render NMIC a mortgagee in possession or accountable for any monies except those actually received.

22. That the Mortgagor does hereby waive any and all rights, benefits and privileges which may otherwise exist at law or in equity to redeem this mortgage after any order of any court of competent jurisdiction has been granted for foreclosure or judicial sale of the Mortgaged Premises.

23. That the waiver by NMIC of the performance of any covenant, proviso, condition or agreement herein contained or implied, shall not abrogate such covenant, proviso, condition or agreement or be a waiver of any subsequent breach of the same.

24. That no extension of time given or alteration of the Interest Rate or alteration of principal repayments made by NMIC to the Mortgagor or its assigns or any one claiming under it or any other dealing by NMIC with the owner of the Mortgaged Premises shall in any way prejudice or affect the rights of NMIC against the Mortgagor or any other person.

25. That without prejudice to any rights of NMIC against the Mortgagor or any other persons liable for the payment of the Moneys hereby secured, this mortgage may be renewed by an agreement in writing at, before or after maturity, for any term, with or without a change in the Interest Rate (by way of an increase or decrease in rate or otherwise) notwithstanding that there may be subsequent mortgagees or encumbrancers. It shall not be necessary to register any such agreement in order to retain priority of this mortgage

PROVIDED, HOWEVER, that NMIC may at any time, at its option, register a caveat under and by virtue of such renewal agreement. Nothing herein shall obligate NMIC to renew or extend this mortgage.

26. That NMIC, without the consent of the Mortgagor, may assign in whole or in part the debt hereunder, this mortgage and any security collateral to this mortgage.

27. That the Mortgagor shall keep proper records and books with respect to its ownership and operation of the Mortgaged Premises and shall deliver or cause to be delivered to NMIC within one hundred and twenty (120) days following the end of each fiscal year of the Mortgagor, throughout the currency of this mortgage, a current rent roll and full accountant prepared (minimum review engagement) financial statements for the fiscal year then ended including sufficient detail to cover the operations of the mortgaged property, prepared in a manner acceptable to NMIC by a recognized firm of chartered accountants approved by NMIC and including a balance sheet, a detailed statement of income and expenditures, and supporting notes and schedules. In the event the Mortgagor is in default of its obligations hereunder, in addition to all other remedies which NMIC may have under this mortgage or otherwise, NMIC shall be allowed, whenever it deems necessary, to enter upon the offices or premises of the Mortgagor and inspect the books and records of the Mortgagor and make abstracts therefrom and generally conduct such examination of books and records as it may deem fit.

28. That the Mortgagor further covenants and agrees with NMIC as follows:

(a) The Mortgagor acknowledges that it has been advised by its counsel as to the meaning of Sections 49 and 52 of the Expropriation Act (Alberta) and being fully aware that under the terms of the said Act NMIC may be restricted to recovering the market value of this mortgage at the date of any expropriation, the Mortgagor hereby waives the provisions of Sections 49 and 52 of The Expropriation Act and further waives any provisions which may be enacted and in force from time to time in replacement of or in addition to the provisions of the said Sections 49 and 52 of The Expropriation Act;

(b) In the event that the Mortgaged Premises, or any part thereof which are secured by this mortgage are condemned or expropriated to an extent which, in NMIC's sole discretion, materially affects this mortgage security or any collateral security therefor, the full amount of the principal and Interest and any other monies secured by this mortgage then outstanding, shall, at the election of NMIC be deemed to become due and payable in full on the day before the Mortgaged Premises were expropriated or condemned and Interest shall accrue thereon, at the Interest Rate, until NMIC has been paid in full and the Mortgagor shall be estopped from denying otherwise;

(c) The Mortgagor will pay or cause to be paid to NMIC, upon the request of NMIC from any expropriation the whole of the proceeds thereof and if NMIC elects to accelerate the term of the mortgage pursuant to subparagraph (b) above, together with such additional funds as will retire the full amount of the Moneys then outstanding hereunder;

(d) That the Mortgagor, immediately upon obtaining knowledge of the institution of any proceedings for the expropriation of the Mortgaged Premises or any part thereof, will notify NMIC of such proceedings.

(e) Any monies awarded by an order of the Surface Rights Board with respect to all or any part of the Mortgaged Premises to the extent of the full amount of the indebtedness upon this mortgage and obligation secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to NMIC, its successors and assigns.

29. That the Mortgagor, being aware of the provisions of The Law of Property Act (Alberta) whereby it is provided that in all cases, EXCEPT where a mortgage is given by a corporation, in any action brought upon any mortgage of land, the remedy of NMIC is limited to the land alone, and no action shall lie on the covenant for payment contained in such mortgage, and that any waiver or release given of the rights, benefits or protection under and by virtue of the relevant provisions of the said Law of Property Act is against public policy and void, the said Mortgagor, IF IT IS A CORPORATION, does expressly agree with NMIC that in the event of any default in the payment of indebtedness secured hereunder or otherwise howsoever and/or in any other security held by NMIC, then NMIC may proceed against the Mortgagor upon its covenant for payment, in accordance with the terms hereof, and may realize on any and all securities held by it, simultaneously or otherwise, as it in its absolute discretion may decide.

30.

(a) The Mortgagor warrants that to the best its knowledge:

(i) the Mortgaged Premises and the improvements thereon are free of any Hazardous Materials on, under or within;

(ii) no underground storage tanks system has ever been constructed, exists, or remains in use in connection with the Mortgaged Premises;

(iii) the Mortgaged Premises and its existing and prior uses comply and at all times did comply with, and the Mortgagor is not in violation of, and has not violated in connection with the ownership use, maintenance or operation of the Mortgaged Premises and the improvements thereon and the conduct of business related thereto, any applicable Environmental Laws;

(iv) the Mortgagor and the tenants (if any) of the Mortgaged Premises have operated the Mortgaged Premises and the improvements thereon and thereunder and have handled, used, stored, treated, shipped and disposed of all Hazardous Materials in strict compliance with all applicable Environmental Laws so that the Mortgaged Premises and the improvements thereon and thereunder are at all times suitable for the intended uses thereof at the time of entering into this mortgage;

(v) none of the Mortgagor, its tenants, or any other person, including but not limited to prior owners, occupants and tenants of the Mortgaged Premises, have received any notice or advice of any enforcement action arising from the existence, release, emanation, discharge, leakages or seepage or escape from, through or under the Mortgaged Premises any Hazardous Materials in breach of Environmental Laws;

(vi) no condition exists, as to any parcel of property contiguous with or in close proximity to the Mortgaged Premises and which would require disclosure pursuant to the foregoing warranties if such other parcel or parcels of property were included in the Mortgaged Premises.

(b) The Mortgagor shall cause to be conducted environmental assessments, audits and other inspections with respect to the Mortgaged Premises and the business of the Mortgagor and any obligation of NMIC to advance funds hereunder shall be subject to NMIC receiving reports satisfactory to NMIC in its sole discretion and subject to NMIC being satisfied in its sole discretion that there are no environmental matters that are adverse to the value of the Mortgaged Premises or the business of the Mortgagor.

(c) The Mortgagor represents, covenants and warrants in favour of NMIC, its successors and assigns, that:

(i) neither the Mortgagor, nor any other person, will permit any Hazardous Materials to be placed, held, located, or disposed from, in, on, under, above or at the Mortgaged Premises;

(ii) the Mortgagor will operate its business and assets in accordance with all applicable Environmental Laws and will not cause or permit any activities on the Mortgaged Premises which directly or indirectly could result in the Mortgaged Premises or any adjacent property, air, or water being contaminated with Hazardous Materials;

(iii) the Mortgagor will permit NMIC to conduct (at Mortgagor's expense secured hereunder as Enforcement Obligations) inspections, appraisals, assessments and audits of all or any of the Mortgagor's records, business and assets at any time and from time to time to ensure compliance with the Mortgagor's covenants herein;

(iv) The Mortgagor will provide written notice to NMIC immediately upon the Mortgagor becoming aware that the Mortgaged Premises or any adjacent property, water or land is being or has been contaminated with Hazardous Materials or if there has been any breach of any applicable Environmental Laws.

(d) The Mortgagor hereby indemnifies NMIC, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any losses, liabilities, damages, costs, expenses and claims of every nature and kind whatsoever relating to any Hazardous Materials placed, held, located or disposed of in, on, under or from the Mortgaged Premises including without limitation, the cost of defending and/or counterclaiming or claiming against third parties in respect of any action (all on the basis as between a solicitor and his own client on a full indemnity basis) and any cost, liability or damage arising out of any action against NMIC or a settlement of any action entered into by NMIC (with or without the consent of the Mortgagor) which may be paid or incurred with respect to, or as a direct or indirect result of the presence in, on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Mortgaged Premises or into or upon the land, the atmosphere or any water course, body of water, or wetland, of any Hazardous Materials as a result of a breach by the Mortgagor of its covenants herein set out or the breach of any Environmental Laws. All amounts payable to NMIC in respect of such indemnity shall be payable by the Mortgagor to NMIC on demand and shall constitute Enforcement Obligations.

(e) The provisions hereof shall survive the satisfaction and release of the security for, and payment and satisfaction of, the indebtedness and liability of the Mortgagor to NMIC pursuant to this mortgage and shall also survive realization on the security by way of order absolute for foreclosure.

(f) For the purpose of this mortgage:

(i) "Hazardous Materials" means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance or material;

(ii) "Environmental Laws" means any laws now or hereafter in force with respect to Hazardous Materials.

31. That each and every term, covenant and condition contained in the Security, in the Commitment Letter and each and every undertaking of the Mortgagor contained in every other instrument security, document or charge delivered to NMIC pursuant to the terms of the Commitment Letter, shall be deemed to be contained herein to the same extent and effect as if recited herein in full.

32. That in the event of any conflict between any provision(s) contained in this mortgage and in any one or more of the securities which are collateral to this mortgage or in the Security or in the Commitment Letter, NMIC shall have the right to elect the provision(s) that is to apply and upon such election, the provision(s) as elected by NMIC, shall apply.

33. Default under any prior or subsequent loan of the Mortgagor and any Guarantor to NMIC shall constitute a default under this loan and default under this loan shall constitute default under any prior or subsequent loan of the Mortgagor and any Guarantor to the NMIC.

34. It is specifically acknowledged and agreed that it is the intention that the within Mortgage secures a revolving line of credit up to the maximum principal sum specified in Section 1 hereof and shall be a continuous charge notwithstanding the balance owing hereunder may be fluctuating and even may, from time to time and at any time, be or have been reduced to a nil balance and notwithstanding monies advanced may be repaid and further advanced as made and shown from time to time and such continuous mortgage and charge shall be security for the Moneys up to the maximum principal sum aforesaid, Interest, Enforcement Obligations and other charges due and owing hereunder from time to time. The Mortgage (being a mortgage that provides for a revolving line of credit up to a specific principal sum) shall obtain priority in accordance with Section 104 of The Land Titles Act for all advances and obligations.

35. That the giving and taking of this Mortgage shall in no way merge or affect any of the Security or impair or affect any of the Security or any remedy thereon, and all rights and remedies which NMIC now has or may hereafter have against the Mortgagor or any other person or persons are hereby reserved, and the Mortgagor agrees that the taking of a judgment or judgments under any of the covenants herein contained or under the Security or the entering into any arrangement (including the granting of time), compromise, release or discharge or the termination of any cause, claim or right whatsoever by NMIC with the Mortgagor or any other person or persons, to the exclusion of the Mortgagor or any other person or persons, whether prejudicial or beneficial to any one or more of them, shall not operate as a merger of the rights or remedies of NMIC under the said covenants herein contained or under the Commitment Letter or any of the Security or of NMIC's security herein by way of a charge against the Mortgaged Premises, or affect NMIC's right to Interest on any Moneys, it being understood and agreed that Interest as provided for in this Mortgage shall run and be included and payable on any judgment or other proceedings taken herein or therein until any such judgment shall have been fully paid and satisfied. All Interest payable hereunder is intended to be expressed, calculated and limited to that permitted by law, and any rectification required by NMIC to reflect such intent shall be deemed to have been made prior to the advance of funds under the Commitment Letter, in whole or in part, or at any other material time.

36. That notwithstanding anything to the contrary herein contained, it is understood and agreed that if the Mortgaged Premises are subject to a registered Plan of Condominium

or if in the future, the Mortgagor causes a Plan of Condominium to be registered with respect to the Mortgaged Premises, the Mortgagor covenants and agrees with NMIC that:

(a) The Mortgagor shall observe and perform each and every one of the covenants and provisions required to be observed and performed by the Mortgagor by virtue of his ownership of the Mortgaged Premises (in this paragraph 36, hereinafter called "the Unit") or pursuant to the terms of this Mortgage, the Act, the bylaws of the Condominium Corporation and all respective amendments thereto;

(b) Without restricting the generality of the foregoing, the Mortgagor shall pay when due any administration expenses, assessments, instalments, contributions or payments leviable by the Condominium Corporation against the Unit or the Mortgagor as owner thereof (hereinafter referred to as the "common expenses"), failing which NMIC may, but shall not be obliged, to pay the same with any such payment to be secured hereunder as Enforcement Obligations;

(c) NMIC may deduct from any advance of monies secured by this Mortgage an amount sufficient to pay any common expenses attributable to the Unit which have or may become due and remain unpaid at the date for adjustment of interest;

(d) The Mortgagor shall, promptly following receipt thereof, transmit to NMIC any notices received from the Condominium Corporation including all notices and bills affecting the imposition of the common expenses with respect to the Unit;

(e) If the Mortgagor makes default in the performance of his obligations under this paragraph 36 (regardless of any action or proceedings taken or proposed by the Condominium Corporation) the same shall constitute default under this Mortgage to the same extent as if the time for payment of the Moneys hereby secured had fully come and expired;

(f) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or NMIC, NMIC may distrain for arrears of any assessments, instalments or payments due to NMIC or arising under any of the subparagraphs in this paragraph contained;

(g) The definitions contained in the Act shall apply to this Mortgage;

(h) The Mortgagor shall deliver to NMIC a copy of each and every:

    (i) notice of any meeting of members of the Condominium Corporation at least ten (10) clear days prior to the date fixed for such meeting;

    (ii) claim or demand for payment by the Mortgagor to the Condominium Corporation or to any person, firm or corporation duly authorized to receive monies otherwise payable to the Condominium Corporation at least five (5) clear days prior to the date upon which such claim or demand becomes due and payable;

(iii) notice of any breach of any of the provisions of the Act, the bylaws of the Condominium Corporation or of any rule or regulation of the Condominium Corporation within five (5) days of the date upon which such notice is received by the Mortgagor;

(iv) request or demand for the consent of the Mortgagor to any matter affecting the Unit within (5) days of the date upon which such request or demand is received by or made of the Mortgagor;

(i) In the event that the condominium status of the Unit is terminated or in the event of a sale of any part of the common elements is authorized by a vote of the owners thereof, then, all Moneys secured by this Mortgage shall, at the option of NMIC, immediately become due and payable and the powers of entering, leasing or selling and all other remedies hereunder shall without more become exercisable by NMIC;

(j) The Mortgagor does hereby irrevocably assign unto NMIC and by these presents does irrevocably authorize and empower NMIC to exercise the right of the Mortgagor as the owner of the Unit to vote or to consent to all matters relating to the affairs of the Condominium Corporation, provided however that:

(i) NMIC may at any time and from time to time give notice in writing to the Mortgagor and to the Condominium Corporation that NMIC does not intend to exercise its right to vote or consent and in that event until NMIC revokes such notice the Mortgagor may exercise the right to vote or consent;

(ii) any such notice may be for an indeterminate period of time or for a specific meeting or matter;

(iii) NMIC shall not by virtue of this assignment, authorization and power in favour of NMIC be under any obligation to vote or consent or to protect the interests of the Mortgagor nor be responsible for any exercise or failure to exercise the right to vote or consent;

(iv) this assignment, authorization and power in favour of NMIC or the exercise by NMIC of the right to vote or consent shall not constitute NMIC a Mortgagee in possession;

(v) in all situations where a unanimous resolution is not required, the right to vote may only be exercised by the Mortgagor if NMIC is not represented by proxy, or if represented by proxy, does not desire to vote;

(k) The Mortgagor does hereby irrevocably assign unto NMIC:

(i) any lease or rights to occupy any parking space or spaces in the building of which the Unit forms part, demised to or reserved or designated for exclusive use by the Mortgagor:

(ii) any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Mortgagor.

37. That when the context makes it possible the word "Mortgagee" wherever it occurs in this mortgage shall include the successors and assigns of NMIC and where applicable the mortgage insurer, its successors and assigns, and the word "Mortgagor" shall include the heirs, executors, administrators, successors and assigns of the Mortgagor and the word "person" shall include any body corporate or politic; and the words in the singular include the plural and words importing the masculine gender include females and all covenants herein contained or implied are to be construed as both joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied. Reference to any statute includes any successor thereto.

38. That all Interest payable hereunder is intended to be expressed, calculated and limited to that permitted by law and any rectification required by NMIC to reflect such intent shall be deemed to have been made prior to the advance of the Moneys, in whole or in part, or at any other material time.

39. That if any provision of this mortgage or the application thereof to any circumstances shall be held to be invalid or unenforceable, then the remaining provisions of this mortgage, or the application thereof to other circumstances shall not be affected thereby and shall be held valid and enforceable to the full extent permitted by law.

40. That for better securing to NMIC repayment in the manner aforesaid of the Moneys, Interest and Enforcement Obligations and other costs and charges payable by the Mortgagor to NMIC hereunder, the Mortgagor hereby mortgages to NMIC all its estate and interest in the Mortgaged Premises above described.

41. The Mortgagor hereby consents to NMIC, being a credit granting corporation, conducting a Name Search in accordance with the Land Titles Act.

42. That in the event the Mortgagor shall make a permitted sale of the said lands at any time during the currency of this Mortgage, the Mortgagor shall procure the execution and delivery by the purchaser of an agreement with the Mortgagee whereby such permitted purchaser assumes an undertaking to pay the monies owing under this mortgage according to the terms hereof and to be bound by, observe and perform all covenants, agreements, conditions, stipulations and provisions herein contained or implied, and to

attorn and to become a tenant of the Mortgagee of the said lands under the terms of the attornment clause set out in this Mortgage, and in default of the execution and delivery of such agreement by the purchaser, all monies then remaining owing under this Mortgage shall in addition to any other remedy available to the Mortgagee hereunder, at the option of the Mortgagee become immediately due and payable.

IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal duly attested by the hands of its proper signing officers duly authorized in that behalf the day and year first above written.

1371047 ALBERTA LTD.

Per: ______________________________

I/we have the authority to bind the Corporation

Per: ______________________________

c/s

____

Witness

ADDRESS OF MORTGAGOR:

2900, 10180 – 101 Street, Edmonton, Alberta, T5J 3V5

MEMORANDUM OF ENCUMBRANCES AND PRIOR CHARGES:

942 329 200	Utility Right of Way – Bonnyville Gas Company Limited
032 372 222	Caveat re Pipeline Right of Way – Altagas Transmission
112 028 485	Caveat re Development Agreement
132 314 510	Caveat re Development Agreement
132 314 583	Utility Right of Way – Town of Bonnyville
132 314 585	Utility Right of Way – Town of Bonnyville (on lots 1, 5 and 6 only)
142 366 224	Caveat – McCracken Group Inc. Lease Interest

NORTHLAND
MORTGAGE & INVESTMENT CORP.

1371047 Alberta Ltd.
14238 – 134 Avenue
Edmonton, Alberta
T5L 5V8

May 23, 2017

Attention: Paul McCracken

Dear Sirs:

RE: Agreement Between: Northland Mortgage and Investment Corp. (hereafter "NMIC") and 1371047 Alberta Ltd. (hereafter "the BORROWER")

Your mortgage is due on June 30, 2017. Please read the details of the renewal offer below and return this back signed before June 9, 2017 if you choose to renew. If you have any questions, contact Mark Eikeland at 250-923-0719.

BORROWERS:	**1371047 Alberta Ltd.**
GUARANTOR:	**Canada North Camps Inc.**
PROPERTY:	West 20 acres over 6 parcels of property at Gateway Industrial Park Bonnyville, Alberta Legal: **Lots 1,2,3,4,5 and 6, Block 4, Plan 1324161**
AMOUNT	**$1,500,000**

Balance:	$1,500,000
Term:	12 months
Term Expiry:	June 30, 2018
Interest Rate:	10.0% annually/0.8333% per month
Prepay option:	Unrestricted
Repayment:	interest only monthly
Payment:	$12,500.00 monthly
Charges on account:	$0

Renewal Fees: $22,500 (1.5% of the amount outstanding) payable to Northland Mortgage and Investment Corp on acceptance of this renewal offer.

Other Provisions

If the above terms are acceptable to you, please indicate your acceptance of these terms by returning a signed copy of this Renewal offer. There are no changes to the existing signatories of the Mortgage Document and persons named above ~~are the~~ existing registered owners of the property. In addition, all other terms, renewal options ~~and conditions~~ of the mortgage remain unchanged.

Regards,

....

Mark Eikeland
Director
Northland Mortgage & Investment Corp.

Acknowledgment: The undersigned certifies that all information provided is true and acknowledges receipt of a copy of this Agreement (including any Schedules referred to above). The services and terms set out above are as agreed. We agree to be bound by the above proposal and consent to this agreement by fax or electronic PDF.

Accepted this 9 day of June, 2017

1371047 Alberta Ltd. / the Borrower/Guarantors

By: ____________________

SHAYNE McCRACKEN
Name

DIRECTOR
Position

By: ____________________

Canada North Camps Inc.

SHAYNE McCRACKEN
Name

DIRECTOR
Position

By: ____________________

Name: Paul McCracken

By: ____________________

Name: Shayne McCracken

Phone (250) 923.0719 • Toll Free (888) 282-1699 • Fax (778) 300.0098 • email mark@netfinance.ca • Website netfinance.ca