

COURT FILE NUMBER 1901-11574

COURT COURT OF QUEEN'S BENCH OF ALBERTA

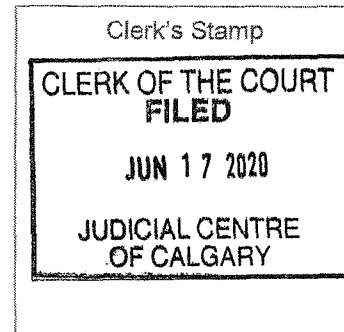
JUDICIAL CENTRE CALGARY

PLAINTIFF PANTERRA MORTGAGE & FINANCIAL CORPORATION LTD.

DEFENDANTS 1075397 ALBERTA LTD., RIGSAT COMMUNICATIONS INC., PETROCRAFT PRODUCTS LTD., TERENCE PHILLIPS, and LISA PHILLIPS

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Burnet, Duckworth & Palmer LLP**  
2400, 525 – 8 Avenue SW  
Calgary, Alberta T2P 1G1  
Lawyer: David LeGeyt / Ryan Algar  
Phone Number: (403) 260-0210/ (403) 260-0143  
Fax Number: (403) 260-0332  
Email Address: dlegeyt@bdplaw.com  
ralgar@bdplaw.com  
File No. 49075-61



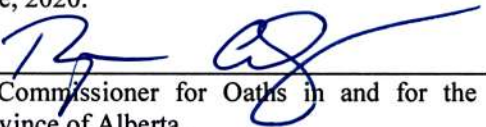
**AFFIDAVIT VALERIE ANASCO**  
**Sworn on June 17, 2020**

I, Valerie Anasco, of Calgary, Alberta, swear THAT:

1. I am a legal assistant at the law office of Burnet, Duckworth & Palmer LLP, and as such have knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I have stated the source of information and believe it to be true.

2. In connection with the above action and to enter on to the court record, attached as **Exhibit A** is a copy of the General Security Agreement in favor of Paragon Capital Corporation Ltd., dated December 16, 2014, signed by 1075397 Alberta Ltd.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 17<sup>th</sup> day of )  
June, 2020.

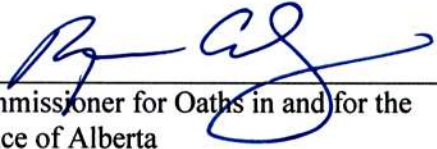
  
A Commissioner for Oaths in and for the  
Province of Alberta.

  
VALERIE ANASCO

**Ryan E. Algar**  
Barrister and Solicitor

THIS IS EXHIBIT "A" REFERRED TO IN  
THE AFFIDAVIT OF VALERIE ANASCO.

SWORN BEFORE ME THIS 17<sup>TH</sup> DAY OF  
JUNE, 2020.



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A Commissioner for Oaths in and for the  
Province of Alberta

**Ryan E. Algar**  
Barrister and Solicitor

## GENERAL SECURITY AGREEMENT

WHEREAS the undersigned is indebted or will be indebted to **PARAGON CAPITAL CORPORATION LTD.** (the "Lender") in the sum of **THREE MILLION TWO HUNDRED THOUSAND (\$3,200,000.00) DOLLARS** plus interest and costs, being the amount owing under a loan arrangement, dated effective the 10th day of December, 2014.

AND WHEREAS it was agreed that the undersigned should execute and deliver to the Lender this Security Agreement ("Agreement") for the purpose of further securing the due payment of the said sum;

NOW THEREFORE WITNESSETH that, in consideration of the Lender entering into the loan arrangement and other good and valuable consideration, the undersigned hereby mortgages, transfers, charges and assigns to the Lender the Collateral (as hereinafter defined) as general and collateral security for the due, prompt and complete payment, performance, satisfaction and discharge of the Obligations (as hereinafter defined). Provided always that this Agreement is entered into upon the condition that if the undersigned shall well and truly pay or cause to be paid to the Lender all amounts owing to the Lender and all amounts charged to the undersigned thereunder, without default, and performs in accordance with the terms of the loan arrangement, then this Agreement shall cease and determine.

AND IT IS AGREED as follows:

1. Grant of Security Interest

The undersigned hereby grants to the Lender a security interest in the Collateral as general and continuing collateral security for the due, prompt and complete payment, performance, satisfaction and discharge of all of the following, which are herein collectively called the "Obligations":

all obligations, indebtedness and liabilities of the undersigned to the Lender, and all extensions and renewals thereof, and whether present or future, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred and any ultimate unpaid balance thereof, and whether incurred prior to, at the time of or subsequent to the execution hereof, and whether incurred by the undersigned alone or with another, including, without limitation, all of the following: advances to the undersigned, in whatsoever form, interest and interest on interest thereon (as well after as before judgment), and all commissions, legal expenses incurred by the Lender (on a solicitor and own client basis) and other costs, charges and expenses; obligations or liabilities on account of moneys advanced, bills of exchange, promissory notes, guarantees, indemnities, and interest, commission, facility or procurement fees and charges; obligations or liabilities of the undersigned under any present or future guarantee by the undersigned of the payment or performance or both of the debts, obligations or liabilities of a third party to the Lender; and obligations or liabilities of the undersigned under this Agreement.

2. Description of Collateral

The undersigned hereby covenants and agrees with the Lender that the following described property, assets and undertaking of the undersigned are and shall be subject to the grant, assignment, transfer, mortgage, charge and security interest granted hereunder in favour of the Lender created by this Agreement:

(i) Equipment

all of the present and future tools, machinery, equipment, furniture, chattels, fixtures, plant, motor vehicles, accessories and other tangible property now or hereafter owned or acquired or re-acquired by the undersigned, whether or not conditionally or unconditionally sold to the undersigned, (all of which are herein called the "Equipment");

(ii) Inventory

all of the present and future inventory, goods and chattels now owned or hereafter acquired by the undersigned, whether or not conditionally or unconditionally sold to the undersigned, including, without limitation, all merchandise, raw materials, work in progress, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the undersigned, (all of which are herein called the "Inventory");

(iii) Title Documents

any writing now or hereafter owned by the undersigned that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts (all of which are herein called "Title Documents");

(iv) Securities

all of the present and future shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned or acquired by the undersigned other than Title Documents (all of which are herein called the "Securities");

(v) Accounts Receivable

all of the present and future debts, accounts, claims, moneys and choses in actions which now are, or which may at any time hereafter be due or owing to or owned by the undersigned,; all of the securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the undersigned in respect of the said debts, accounts, claims, moneys and choses in action or any part thereof; and all of the books, documents and papers recording, evidencing or relating to the said debts, accounts, claims, moneys and choses in action or any part thereof (all of which are herein called the "Accounts Receivable");

(vi) Intangibles

all of the present and future intangible property now or hereafter owned or acquired by the undersigned other than Accounts Receivable, Securities, Investment Property, Inventory, Equipment or Title Documents including, without limitation, all contact rights, chattel paper, warehouse receipts, bills of lading, documents or title, insurance policies, instruments, securities, book debts, receivables which are not book debts, choses in action, licenses, permits, franchises, leases, client lists, goodwill, patents, trademarks, trade names, copyrights, other industrial and intellectual property and the undertaking of the undersigned (all of which are herein called the "Intangibles");

(vii) Real Property

all real and immovable property, both freehold and leasehold, now owned or hereafter acquired by the undersigned, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith, including any leases, tenancies, rights of occupation or possession (whether oral or written), together with any easements or rights of way with respect thereto, or any agreement therefor (all of which are herein called the "Real Property");

(viii) Investment Property

means a security, whether certificated or uncertificated, security entitlement, securities account, futures contract or futures account (all of which are herein called the "Investment Property");

(ix) Instruments

all bills, notes, cheques, letters of credit and other instruments, whether negotiable or not (collectively called "Instruments");

(x) Insurance Policies

all present and future Insurance Policies (as defined in section 4 hereof);

(xi) Records

all present and future books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to the aforementioned property (all of which are herein called the "Records");

(xii) Other Property

with respect to the Equipment, Accounts Receivable, Inventory, Title Documents, Securities, Intangibles, Real Property, Investment Property, Insurance Policies and Records, all present and future substitutions and replacements thereof, increases, additions, accessions and fixtures thereto and thereon, and any interest of the undersigned therein (all of which are herein called the "Other Property");

(xiii) Proceeds

all present and future property in any form derived directly or indirectly from any dealing with the aforementioned property, assets and undertaking of the undersigned or proceeds, including property that indemnifies or compensates for property destroyed or damaged, including without limitation, proceeds of policies of insurance and expropriation proceeds (all of which property is herein called the "Proceeds").

All of the above described Scheduled Property, Equipment, Inventory, Title Documents, Securities, Accounts Receivable, Intangibles, Real Property, Investment Property, Insurance Policies, Records, Instruments, other Property and Proceeds of the undersigned are herein called the "Collateral", provided however, that the last day of any term of any lease (whether oral or written) or any agreement to lease is excepted out of the collateral charged by this Agreement, but the undersigned will stand possessed of any such reversion in trust for the Lender or such person as the Lender may direct and the undersigned will assign and dispose thereof in accordance with such direction.

3. General Warranties and Covenants of the Undersigned

The undersigned hereby represents and warrants, and covenants and agrees with the Lender that:

- (i) it is the owner and will continue to be the owner of all of the Collateral, free of all liens, charges, security interests, mortgages and other encumbrances, other than the encumbrances as specifically described in Schedule "B" hereto, which any one or more of such encumbrances are herein respectively called the "Permitted Encumbrances";
- (ii) it shall defend the Collateral against all claims and demands of all persons at any time charging the same or any interest therein;
- (iii) it shall not, without the prior written consent of the Lender, create, permit, assume, have outstanding or suffer to exist, any assignment, mortgage, lien, charge, security interest or other encumbrance on the Collateral, or any part thereof, ranking or purporting to rank prior to or pari passu with the charge and security interest created by this Agreement;
- (iv) it shall pay, and shall indemnify and save harmless the Lender against all costs and expenses (including legal fees on a solicitor and his own client basis) incurred with respect to the preparation and execution of, and any amendment to this Agreement and any financing statements, financing change statements and notices of security interest filed with respect thereto, the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement, the taking, recovering or possessing of any or all of the Collateral, and of any other proceedings taken for the purpose of enforcing the remedies provided herein, or otherwise in relation to the Collateral, or by reason of non-payment of the Obligations hereby secured, including, without limitation, the appointment of a receiver, manager and/or receiver manager (whether by court order or private appointment), and all such costs and expenses shall bear interest at the same rate as in the loan by the Lender to the Undersigned, ("Interest Rate") and shall be payable on demand and calculated monthly, in arrears based on the actual number of days elapsed from the date of such demand divided by 365, until payment;
- (v) it shall keep and maintain the Collateral in good condition and repair;
- (vi) it shall pay all rents, rates, taxes, levies and assessments, ordinary or extraordinary, and all other obligations lawfully imposed (whether by governmental authority or otherwise) upon the Collateral, and upon the income and profits of the undersigned, when the same shall become due and payable; it shall duly observe and conform to all valid requirements of any governmental authority with respect to any property or



rights comprised in the Collateral; it shall perform all obligations incidental to any trust imposed upon it by statute and will ensure that any breaches of such obligations and the consequences of any such breach will be promptly remedied;

- (vii) it shall perform all of its obligations under leases, licences and other agreements to which it is a party in order to preserve and protect the Collateral and the income therefrom and will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice so as to preserve and protect the earnings, income, rents, and profits thereof;
- (viii) it shall permit the Lender and any representative of the Lender at any time during business hours to inspect its equipment, inventory, stock-in-trade and operations and for that purpose to enter the undersigned's premises and any other location where the Collateral may be situated;
- (ix) it shall keep proper books of account and records covering all its business and affairs on a current basis in accordance with generally accepted accounting principles consistently applied and shall deliver financial statements to the Lender from time to time as required by the Lender from time to time, and it shall permit the Lender and any representative of the Lender at any time during normal business hours to inspect the undersigned's books of account, records and documents, to make copies and summaries thereof and to make inquiries and tests for the purpose of verification thereof;
- (x) it shall at all times maintain its existence and shall take all prudent actions necessary or desirable to preserve all of the rights, powers, privileges and goodwill owned by it; it has full power and authority, corporate or otherwise, to execute, deliver and perform all of its obligations under this Agreement; all corporate action or otherwise on the part of the undersigned, its directors or shareholders, necessary for the authorization, execution, delivery and performance of this Agreement has been duly taken; this Agreement when duly executed and delivered by the undersigned, will be a legal, valid and binding obligation of the undersigned, enforceable against it in accordance with its terms; there is no charter or by-law provision of the undersigned, no directors' or shareholders' resolution of the undersigned, no resolution and no provision of any indenture or agreement, written or oral, to which the undersigned is a party or under which the undersigned is obligated, nor to the knowledge of the undersigned is there any statute, rule or regulation, or any judgment, decree or order of any court or agency binding on the undersigned which would be contravened by the execution and delivery of this Agreement, or by the performance of any provision, condition, covenant or other term hereof;
- (xi) the undersigned's principal place of business and the location of the office where it keeps its corporate records and records respecting the Accounts Receivable and Intangibles, is that given in section 13 hereof and all other places of business of the

undersigned are listed in section 13 hereof. The undersigned shall not change its principal place of business, or the location of the Collateral, or the location of the office where it keeps its corporate records and/or records respecting the Accounts Receivable and Intangibles, without the Lender prior written consent, and the undersigned shall give the Lender written notice within three (3) days of acquiring any other places of business;

- (xii) if a corporation, it shall not, without first obtaining the written consent of the Lender, consolidate, amalgamate or merge with any other corporation or acquire the shares of any corporation, firm or partnership or acquire the assets of any corporation, firm or partnership outside of the ordinary course of its business, nor shall it invest in, lend money to, guarantee or assume the indebtedness of any person, firm or corporation otherwise than by way of credit or advances in the ordinary course of its business in respect of goods or services required or provided by it; it shall not enter into any transaction whereby all or a substantial part of the undertaking, property and assets of the undersigned become the property of any person, firm or corporation other than the undersigned; it shall not, without the prior written consent of the Lender, increase, reduce, change, classify or reclassify its authorized or issued capital or issue any additional shares thereof; it shall not without the prior written consent of the Lender, purchase, redeem, acquire or retire any shares in the capital of any class of shares of the undersigned;
- (xiii) it shall not, without first obtaining the written consent of the Lender, change its name or its fiscal year or effect a material change in the nature and character of its business.
- (xiv) it shall pay and perform the Obligations to and in favour of the Lender as and when they become due.

The undersigned hereby covenants and agrees with the Lender that if the undersigned shall fail to perform any covenant on its part herein contained, the Lender, in its absolute discretion, but without being bound to do so, may perform any such covenant capable of being performed by it. If any such covenant requires the payment of money or if the Collateral shall become subject to any lien or charge ranking, in whole or in part, in priority to or pari passu with the charge and security interest created by this Agreement, the Lender may make such payment or pay or discharge the said lien or charge and security interest, but shall be under no obligation to do so. The undersigned covenants and agrees that all sums so paid by the Lender shall immediately be payable by the undersigned to the Lender, shall bear interest at the Interest Rate until paid, shall be calculated monthly, in advance, and shall be secured by this Agreement and that no such performance or payment shall relieve the undersigned from any default under this Agreement or any consequences of such default.

#### 4. Insurance

The undersigned shall keep all insurable property included in the Collateral insured against loss or damage by fire, under a policy with an extended coverage endorsement, in an amount not less

than the full replacement value of the Collateral, and will maintain general business insurance, business interruption insurance, comprehensive insurance, and public liability insurance in amounts satisfactory to the Lender, all such insurance policies (collectively, the "Insurance Policies") to be with insurance companies acceptable to the Lender and to contain terms and conditions including a standard mortgage clause in the form approved by the Insurance Bureau of Canada and in form and substance acceptable to the Lender. The loss under all Insurance Policies, other than public liability, shall be payable to the Lender as its interests may appear and the undersigned shall arrange to have the entitlement of the Lender to the loss payable recorded on each policy of insurance. In any event, the production of this Agreement shall be sufficient authority for the insurer under any of the Insurance Policies to pay, and such insurer is hereby directed thereupon to pay any loss to the Lender. The undersigned shall pay all premiums in respect of all Insurance Policies as the same become payable and shall furnish the Lender with receipts for premiums as required by the Lender. In the event of loss, the Lender, at its option, may apply the proceeds of all Insurance Policies against the balance owing by the undersigned, release the said proceeds to the undersigned, or arrange for the proceeds, or any part thereof, to be used to repair, replace or rebuild the damaged property, or any combination of such applications. Where insurance proceeds are released to the undersigned, or used for the purpose of repairing, replacing, or rebuilding the damaged property, the receipt of such insurance proceeds shall not operate as payment or novation nor in any way affect the security herein or any other security for the Obligations. Should the undersigned default in its obligations as aforesaid, the Lender may maintain such insurance, and any premiums paid by the Lender together with interest thereon shall be payable by the undersigned upon demand and shall bear interest at the Interest Rate until paid and calculated monthly, in arrears. Nothing herein contained shall render the Lender liable to any person under any of the Insurance Policies for the fulfilment or non-fulfilment of any obligations of the undersigned thereunder and the undersigned hereby indemnifies from and against any and all claims, actions, liabilities, costs or demands whatsoever of any person arising from or out of any Insurance Policies. The undersigned hereby releases and indemnifies the Lender from and against any and all actions, causes of action, demands, claims, costs (including legal fees on a solicitor and his own client basis), liabilities, obligations, damages, injuries, and losses directly or indirectly arising with respect to any Insurance Policies. The undersigned hereby covenants and agrees not to terminate any Insurance Policies whatsoever at any time without the Lender prior written consent.

#### 5. Use of Collateral

Except as specifically hereinafter provided, the undersigned shall not, without the prior written consent of the Lender sell, lease or otherwise dispose of the Collateral or any part thereof, release, surrender or abandon possession of the Collateral or any part thereof, or move or transfer the Collateral or any part thereof to a location not situated in the Province of Alberta provided that:

- (i) The Lender may, at its discretion, at any time release from the charges contained herein, any part or parts of the Collateral or any other security or surety for the Obligations either with or without sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Collateral or the undersigned from this Agreement or from any of the terms, conditions and

covenants herein contained. Every part of the Collateral into which the Collateral is or may hereafter be divided does and shall stand charged with payment of the Obligations and no person shall have the right to require the Obligations to be apportioned. The Lender shall not be accountable to the undersigned for the value of any property or security released except for any moneys actually received by the Lender, net of expenses;

- (ii) until default as hereinafter defined, the undersigned may deal with any Inventory or Intangibles so that the purchaser thereof takes title clear of the security interest created by this Agreement, provided that if such dealing results in an Account Receivable, such Account Receivable will be subject to the charge and security interest created by this Agreement, and, subject to the provisions of section 8 hereof, collect Accounts Receivable in the ordinary course of its business, provided that all money or any other form of payment received by the undersigned in payment of any Accounts Receivable will be received and held by the undersigned in trust for the Lender, provided that all such dealing and collection is in the ordinary course of business for the purpose of carrying on the same, and provided that such dealing is lawful and not inconsistent with this Agreement or any other agreement between the Lender and the undersigned or with the terms or condition of any policy of insurance thereon.

All Proceeds collected or received by the undersigned will be received by the undersigned in trust for the Lender and will be forthwith paid to the Lender.

#### 6. Information and Inspection

The undersigned shall from time to time forthwith on demand furnish to the Lender in writing all information requested relating to the Collateral or any part thereof, and the Lender shall be entitled from time to time to inspect the Collateral wherever located including, without limitation, all books and records of the undersigned relating thereto, and for such purpose the Lender shall have access to all places where the Collateral or any part thereof is located and to all lands and premises of or occupied by the undersigned.

#### 7. Default

All of the Obligations will immediately become due and payable and the security hereby constituted will immediately become enforceable in each and every one of the following events (collectively, "Events of Default"):

- (i) if the undersigned defaults in payment or performance of any of the Obligations:
- (ii) if the undersigned defaults in making any payment hereby required or in observing, performing or complying with any covenant, agreement, undertaking, term, condition or obligation with or in favour of the Lender or if any of the representations and warranties of

the undersigned to or in favour of the Lender are or become untrue or incorrect;

- (iii) if any proceedings are commenced under the Companies' Creditors Arrangement Act or if any order is made or resolution passed for the winding-up of the undersigned, or if a receiving order is made under the Bankruptcy Act against the undersigned or an authorized assignment is made by the undersigned or if a receiver or manager or receiver and manager or agent is appointed by or on behalf of a creditor of the undersigned (whether by court or private appointment) over all or part of the assets of the undersigned or if a proposal is made by the undersigned to its creditors under the Bankruptcy Act;
- (iv) if an encumbrancer, whether permitted or otherwise, takes possession of the Collateral, or if any process of a court, execution, distress, or analogous process becomes enforceable or is enforced against the Collateral, the validity of which is not being diligently contested in good faith at the time by the undersigned by proper legal proceedings provided that such proceedings effectively postpone enforcement of same and provided further that same is vacated or lifted within 30 days of the undersigned becoming aware of or receiving notice thereof;
- (v) if the undersigned ceases or threatens to cease to carry on its business, commits any act of bankruptcy, becomes insolvent, proposes a compromise or arrangement to its creditors or transfers or in any way parts with possession of all or a substantial part of the Collateral to any person;
- (vi) if any guarantor of the undersigned to the Lender is in default under its, his or her guarantee and/or any collateral security given therefor in favour of the Lender;
- (vii) if the Lender, in good faith, at any time and from time to time believes that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated;
- (viii) if, without the prior written consent of the Lender, the outstanding shares in the capital of the undersigned are sold, assigned, transferred or hypothecated, or if additional shares in the capital of the undersigned are issued to any person, so as to directly or indirectly cause a change in voting control of the undersigned;
- (ix) if, in the reasonable opinion of the Lender there is a material adverse change in the financial condition, business or operations of the undersigned.

## 8. Remedies

Upon the occurrence of any one or more Events of Default, in addition to any other rights available to it, the Lender may appoint in writing any person to be a receiver (which term shall include an agent, manager or receiver and manager) of all or any part of the Collateral, including any rents and profits thereof, and may remove any receiver and appoint another in its stead, and such

receiver so appointed shall have power to enter upon and use, without charge, all lands and premises of or occupied by the undersigned and have the power to exclude the undersigned, its agents and its servants therefrom, to take possession of the Collateral, to preserve, protect and maintain the Collateral and make such replacement thereof and additions thereto as the Lender may deem advisable, to carry on or concur in carrying on the business of the undersigned, to retain the Collateral for such period as it deems advisable, to borrow upon the security of the Collateral in priority to the security interest constituted hereby, to advance its own money to the undersigned at such rates of interest as it may deem reasonable, and to sell or concur in selling or otherwise disposing of the Collateral or any part thereof, provided that the Lender or such receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the undersigned or any other person or persons whomsoever.

The Lender or such receiver shall have the power to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the receiver or the undersigned for the purpose of exercising any of the aforesaid rights, powers and remedies, including the institution of proceedings for the appointment of the receiver. Any such receiver shall be deemed to be the agent of the undersigned for the purpose of establishing liability for the acts or omissions of such receiver and the Lender will not be liable for such acts or omissions. The Lender may from time to time fix the remuneration of such receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and own client basis) properly incurred by such receiver. All moneys from time to time received by such receiver may be paid by the receiver first to discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral, second in payment of the receiver's remuneration as receiver, third in keeping in good standing any mortgages, security interests and other encumbrances, liens and charges on the Collateral ranking prior to the security interest constituted by this Agreement, and fourth, in or toward payment of such parts of the Obligations of the undersigned to the Lender as to the Lender seems best, and any residue of such moneys so received shall be paid to the undersigned or to the person otherwise entitled. If the moneys received by the Lender or by a receiver pursuant to this section are not sufficient to pay, perform and satisfy the Obligations in full, the undersigned will immediately pay to the Lender the amount of such deficiency. Upon the Lender taking possession of any of the Collateral or the appointment of a receiver at any time, all the powers, functions, rights and privileges of the undersigned and any officers, directors, servants and agents of the undersigned with respect to all or any of the Collateral will be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the undersigned and its officers, directors, servants and agents will be unaffected by such events. The Lender in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the undersigned or any other person.

9. Accounts Receivable

The undersigned hereby agrees and undertakes to furnish and deliver to the Lender whenever requested to do so, a list of all Accounts Receivable, including the names and addresses of all debtors of the undersigned with the amounts owing by each, the time all such amounts have been outstanding

and any security granted therefor. The Lender may collect, demand, sue for, enforce, recover, realize, sell or otherwise deal with the Accounts Receivable or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default hereunder, as may seem to it advisable and without notice to the undersigned (except as otherwise required by any applicable law), and the Lender may give valid and binding receipts and discharges therefor, the whole to the same extent and with the same effect as if the Lender were the absolute owner thereof and without regard to the state of accounts between the undersigned and the Lender, and the undersigned hereby irrevocably appoints the Lender the attorney of the undersigned to give effect to the foregoing. The Lender shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Accounts Receivable or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Lender, the undersigned or any other person in respect of the same. All moneys collected or received by the undersigned in respect of the Accounts Receivable shall be received as trustee for the Lender and shall be forthwith paid over to the Lender. All moneys collected or received by the Lender in respect of the Accounts Receivable or other Collateral may be applied on account of such parts of the indebtedness and liability of the undersigned to the Lender as to the Lender seems best or in the discretion of the Lender may be released to the undersigned, all without prejudice to the liability of the undersigned or to the rights of the Lender.

10. Charges and Expenses

The Lender may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices, services and disbursements on a solicitor and his own client basis) in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof or enforcing any of its other rights hereunder, and such sums shall be a first charge on the proceeds of realization, disposition or collection.

11. Further Assurances

The undersigned shall from time to time forthwith on the Lender's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Lender of or with respect to the Collateral or as may be required to give effect to these presents, and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue or defend any proceedings authorized to be taken hereunder and generally to use the name of the undersigned in the exercise of all or any of the powers hereby conferred on the Lender, and the undersigned hereby constitutes and appoints any officer for the time being of the Lender the true and lawful attorney of the undersigned irrevocable with the full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

12. Dealings by the Lender

The Lender may grant extensions of time and other indulgences, take and give up security,

accept compositions, grant releases and discharges and otherwise deal with the undersigned, debtors of the undersigned, sureties and others and with the Collateral and other security as the Lender may see fit without prejudice to the liability of the undersigned or the Lender's right to hold and realize the security constituted by this Agreement.

13. Location of Collateral

The Collateral is now and will hereafter be kept at the following place or places:

**as set out and described in Schedule "A" attached hereto and elsewhere in the Province of Alberta**

and subject to the provisions of section 5 hereof, none of the Collateral shall be removed therefrom without the written consent of the Lender.

14. General

- (i) The undersigned covenants and agrees with the Lender that the security hereby constituted is in addition to and not in substitution for and shall not be affected nor prejudiced by any other security now or hereafter held by the Lender and that this security shall not merge in nor suspend the completion of nor affect the rights, recourses and powers of the Lender with respect to any other security now or hereafter held by the Lender and that this security shall be deemed to be continuing security for the Obligations until all of the Obligations are paid, performed and satisfied in full. The security hereby constituted shall continue and be effective notwithstanding that the Obligations are from time to time reduced and/or increased or paid in full and further advances are made by the Lender, and all present and future advances made by the Lender shall be hereby secured. The undersigned further covenants and acknowledges that this security shall not be considered as satisfied or discharged by any intermediate payment of the whole or part of the Obligations but shall constitute and be a continuing security to the Lender;
- (ii) No remedy for the enforcement of the rights of the Lender hereunder shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination. Any breach by the undersigned of any of the provisions contained in this Agreement or any default by the undersigned in the observance or performance of any covenant or condition required to be observed or performed by the undersigned hereunder may only be waived by the Lender in writing, provided that no such waiver by the Lender will extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom. The taking of a judgment or judgments with respect to any of the Obligations will not operate as a merger of any of the covenants contained



in this Agreement.

- (iii) Neither the execution nor delivery of this Agreement will obligate the Lender to advance any moneys to the undersigned. The security interest created or intended to be created by this Agreement is intended to attach to the Collateral in existence when this Agreement is signed by the undersigned and to all other property of the kinds referred to in section 2 hereof immediately upon the undersigned acquiring rights therein, and there is no agreement to postpone the time for attachment.
- (iv) Any demand, notice or other communication to the undersigned in connection with this Agreement will be deemed to be made, given and received:
  - a. if mailed by prepaid mail addressed to the undersigned at its registered office or to the last known address if the undersigned is not a corporation, on the day following the day on which it was mailed, during a period of uninterrupted mail service, whether or not the same be returned undelivered; or
  - b. if delivered to the undersigned at, or sent by prepaid courier service to the address for notice set forth on the signature page hereof, or personally served upon any servant, employee or partner of the undersigned, at the time of such delivery or service.
- (v) The insertion of headings in this Agreement is for convenience or reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise specified herein, all statements of or reference to dollar amounts in this Agreement will mean lawful money of Canada.
- (vi) This Agreement and all documents delivered pursuant hereto shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The undersigned hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta. Where any provision or remedy contained or referred to in this Agreement is prohibited, modified or altered by any laws and the provision of remedies may be waived or excluded by the undersigned in whole or in part, the undersigned hereby waives and/or excludes such provision to the full extent permissible by law. Without limiting the generality of the foregoing, the undersigned agrees to waive those provisions of the Personal Property Security Act (Alberta) which may be waived and which are contrary to any provision of this Agreement.
- (vii) If any provision hereof is held to be illegal, invalid or unenforceable, such provision shall be deemed to be severed from the remainder of this Agreement and the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

- (viii) This Agreement shall be binding on the undersigned and its heirs, administrators, legal representatives, successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The undersigned shall not assign any rights or obligations hereunder. The Lender may assign any and all of its rights and/or obligations under this Agreement and may transfer the security hereunder and give new security to any person, corporation or other entity designated by the Lender, as the Lender may deem advisable.
- (ix) No modification or waiver of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and duly executed by the parties hereto or thereto and then such modification or waiver shall be effective only in the specific instance and for the purpose for which given. Time will in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder will operate as a waiver of this provision.
- (x) The undersigned hereby waives its right to receive a copy of any financing statement or financing change statement registered by the undersigned or any verification statement received in respect thereof.
- (xi) The undersigned acknowledges having received a signed copy of this Agreement.

IN WITNESS WHEREOF the undersigned has hereunto affixed its Corporate Seal by the hands of its officers this 16<sup>th</sup> day of December, 2014.

**1075397 ALBERTA LTD.**

Per:  (c/s)

Per: \_\_\_\_\_

**SCHEDULE "A"**

*Municipal Address: 2320-2<sup>nd</sup> Avenue SE, Calgary, Alberta*

*Legal Description:*

PLAN 7810519

BLOCK 5

LOT 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

**SCHEDULE "B"**  
PERMITTED ENCUMBRANCES  
(Paragraph 3)

As set out in or at the Personal Property Security Registry as at the 10<sup>th</sup> day of December, 2014.