

COURT FILE NUMBER 1901 - 06614  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF W. PIDHIRNEY HOLDINGS LTD.  
DEFENDANT GALLOWAY CONSTRUCTION GROUP LTD.  
DOCUMENT **AFFIDAVIT**  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**  
4500 Bankers Hall East  
855-2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4K7

Attention: Ken Lenz, Q.C.  
Telephone No.: 403-298-3317  
Fax No.: 403-265-7219  
Client File No.: 72147.2

**AFFIDAVIT OF WAYNE PIDHIRNEY**

**Sworn on May 7, 2019**

I, WAYNE PIDHIRNEY, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the sole shareholder and director of the Plaintiff, W. Pidhirney Holdings Ltd. ("WPH"), in these proceedings, and as such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

**BUSINESS OF GALLOWAY CONSTRUCTION GROUP LTD.**

2. Galloway Construction Group Ltd. ("Galloway") is a civil construction company based in Ponoka, Alberta, with its registered office in Red Deer, Alberta, that is in the business of providing general civil contracting services, throughout the province and elsewhere. WPH advanced credit to Galloway and took security for that indebtedness.

3. Both Galloway and WPH are corporations incorporated in the Province of Alberta.
4. Over the past several months, Galloway has been winding-up its operations. This involved collecting receivables, and selling equipment and laying off its employees. It is anticipated that by the time this application is heard, Galloway will have no remaining employees. I am advised that employees, source deductions and GST are paid current.
5. The costs of the winding-up have largely been paid by the Plaintiff through a revolving secured loan that has now been repaid. As described below, as at April 30, 2019, the sum of \$5,380,581.40 was outstanding to the Plaintiff, together with interest accruing thereafter, and costs.
6. The remaining major assets of Galloway consist of the following (approximate values, not net of commissions):

Receivables	\$173,000.00
Equipment	\$316,000.00
Access Mat Washer	\$3,200,000.00 (over \$6 million cost)
Main Shop and Yard Land	\$9,500,000.00
Additional Lands	\$4,000,000.00

7. The main shop and yard land (the "**Main Shop and Yard**") referenced in the preceding paragraph is located near Ponoka, Alberta and legally described as follows:

PLAN 1521209  
BLOCK 2  
LOT 5  
EXCEPTING THEREOUT ALL MINES AND MINERALS

8. The additional lands referenced in the preceding paragraph are also located near Ponoka, Alberta, adjacent to the Main Shop and Yard, and are legally described as follows:

PLAN 1521209  
BLOCK 2  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 1521209  
BLOCK 2  
LOT 3  
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 1521209  
BLOCK 3  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 1521209  
BLOCK 3  
LOT 4  
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "**Additional Lands**", and together with the Main Shop and Yard, the "**Lands**").

9. A sales process is underway for the access mat washer. Additionally, the Lands are listed with Colliers International. Copies of the listings for the Main Shop and Yard and the Additional Lands are appended as **Exhibits "1" and "2"**, respectively.
10. Galloway's only other significant secured creditor is Roynat Inc. (approximately \$5 million is owing), which I am advised has a first charge on the Main Shop and Yard and the Additional Lands. I am advised the Plaintiff ranks second in priority on the Lands, and first on the remainder of Galloway's assets.
11. There are approximately \$2.0 million in unsecured claims that appear to WPH to be valid. There may be additional claims made, however WPH does not believe those additional claims can be substantiated.
12. If there is an orderly sale of the assets of Galloway at or near fair market value, approximately \$17,000,000 (less expenses) should be available to its creditors. This is more than sufficient to retire the secured debt and repay the unsecured creditors.

#### **LOAN INDEBTEDNESS**

13. On May 1, 2017, WPH provided a secured loan to Galloway pursuant to a Subscription and Note Purchase Agreement dated May 1, 2017.

14. The loan from WPH to Galloway is documented by a Promissory Note dated May 1, 2017 for \$7,000,000 (the "**Note**"). A copy of the Note is appended to this Affidavit as **Exhibit "3"**.
15. As of April 30, 2019, the total indebtedness to WPH was \$5,380,581.40, inclusive of interest, plus costs and recoverable expenses, with additional interest and costs accruing thereafter (the "**Indebtedness**").

### **GRANTING OF SECURITY**

16. As security for the Indebtedness, Galloway granted to WPH a security interest in all of its present and after-acquired personal property pursuant to a General Security Agreement dated May 1, 2017 (the "**Security Agreement**"), a copy of which is attached as **Exhibit "4"** to this Affidavit.
17. Attached to this Affidavit and marked as **Exhibit "5"** is a true copy of an Alberta Personal Property Registry Search for Galloway. I am advised that notice of WPH's application will be given to entities listed on that document.
18. As further security for the Indebtedness, Galloway granted WPH a Mortgage dated May 1, 2017 over the Lands (the "**Mortgage**"). A copy of the Mortgage is appended to this Affidavit as **Exhibit "6"**.
19. Pursuant to the terms of the Security Agreement and the Mortgage, in the event of a default by Galloway, WPH is entitled to exercise various remedies, one of which is the appointment of a receiver and manager.
20. Galloway has ceased carrying on business and has failed to make payments under the Note, and the Indebtedness has been accelerated, constituting an Event of Default under the Security Agreement and Mortgage.

### **DEMAND AND NOTICE**

21. On May 2, 2019, WPH delivered to the sole remaining director and officer of Galloway a demand for repayment of the Indebtedness, and indicated that it would proceed to obtain judgment and enforce security were it not so paid. This demand was

accompanied by a Notice of Intent to Enforce Security pursuant to s. 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"). Attached to this Affidavit and marked as **Exhibit "7"** is a copy of the demand letter and Notice of Intent to Enforce Security.

22. The 10-day notice period required by s. 244 of the BIA was waived by one of two remaining directors on May 2, 2019. A copy of that waiver is attached as **Exhibit "8"**.

23. I believe it is necessary, just and appropriate for a receiver to be appointed for the benefit of the Lenders and other secured creditors. MNP Ltd. has consented to act as Receiver, and a copy of that Consent will be filed with the Court.

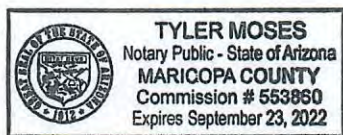
SWORN BEFORE ME at the City of Buckeye )  
Arizona, U.S.A., this 7 day of May, 2019 )

  
\_\_\_\_\_  
A Notary Public

in and for the State of Arizona, U.S.A. )

  
\_\_\_\_\_

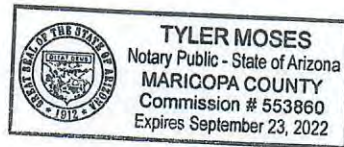
WAYNE PIDHIRNEY



THIS IS **EXHIBIT "1"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.





431029  
Range Road 261  
Ponoka County, AB

FOR SALE

FEATURED BENEFITS

# High End Industrial Warehouse & Office

± 46,413 SF Available

\$9,500,000 Asking Price



Ideal head office, servicing and/or manufacturing location. Fully paved access from the QEII & Highway 53.



30' clear warehouse heights. Welder plugs, air + waterlines throughout, steel plate runners for tracked machinery.



Site is equipped with make-up air, heavy power, large compacted yard and 2-10 ton cranes.

Accelerating success.

[collierscanada.com/27235](http://collierscanada.com/27235) VIEW ONLINE

431029 RANGE ROAD 261 // FOR SALE

# Property Profile



## NUMBERS AT A GLANCE

### TOTAL AREA

46,413 SF

### OFFICE AREA

11,953 SF

### WAREHOUSE AREA

34,460 SF

### LOT SIZE

40 ACRES

### OFFICE

15 UNITS

### CONCRETE APRON

30'

### CRANES

2-10 TONS

### OCCUPANCY

NEGOTIABLE

### HOOK HEIGHT

26'

### POWER (TBV)

1,200 AMPS

### OPPORTUNITY

TURN-KEY

### LOADING

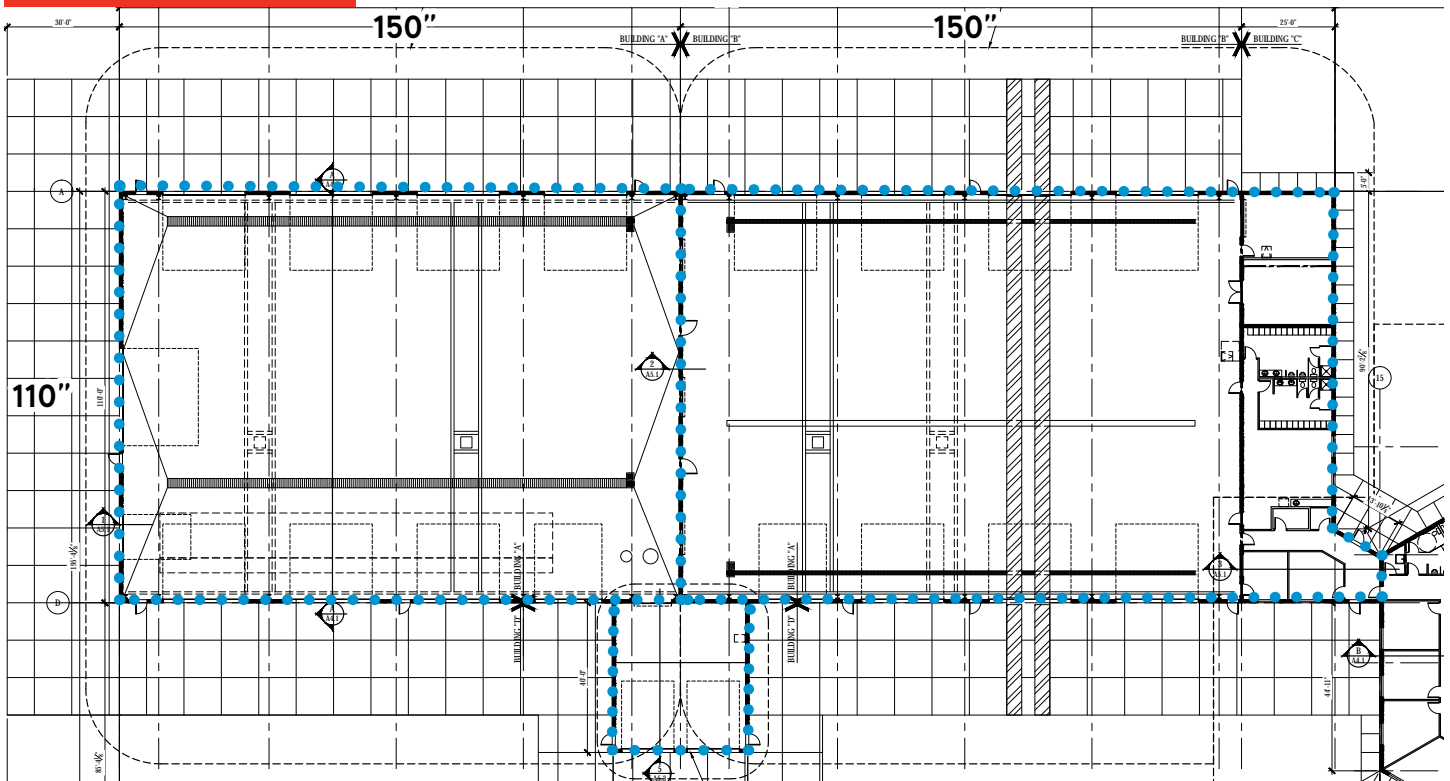
14(22'X18')  
2(18'X18')  
2(14'X18')  
1(12'X18')  
1(26'X20')



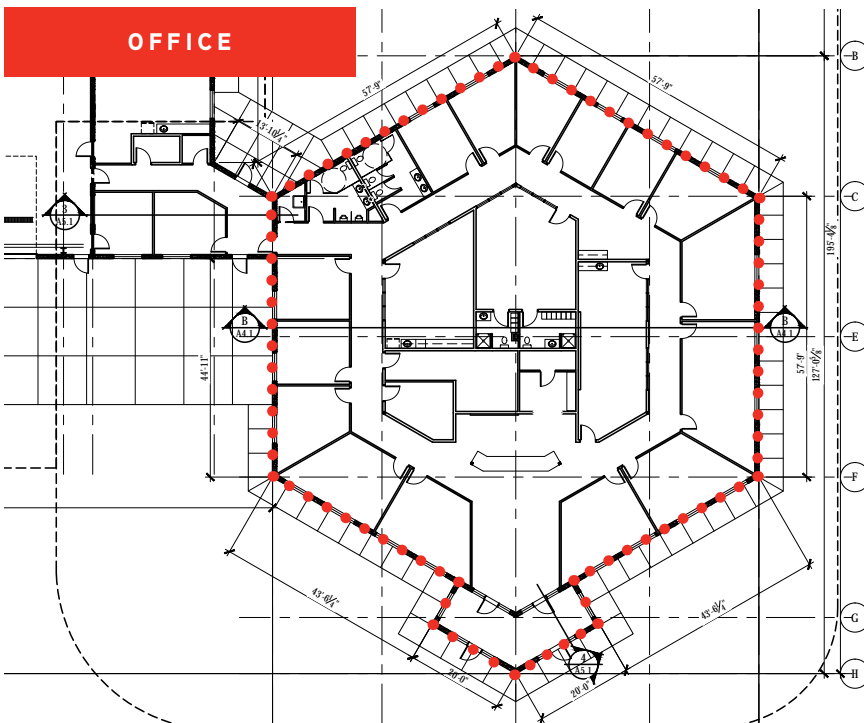
# Property Drawings



## WAREHOUSE



## OFFICE



## PROPERTY HIGHLIGHTS

- Eight drive thru bays
- In slab heat under warehouse doors
- Water re-circulation and filtration system
- All office furniture and equipment included

 Warehouse Space

 Office Space

431029 RANGE ROAD 261 // FOR SALE

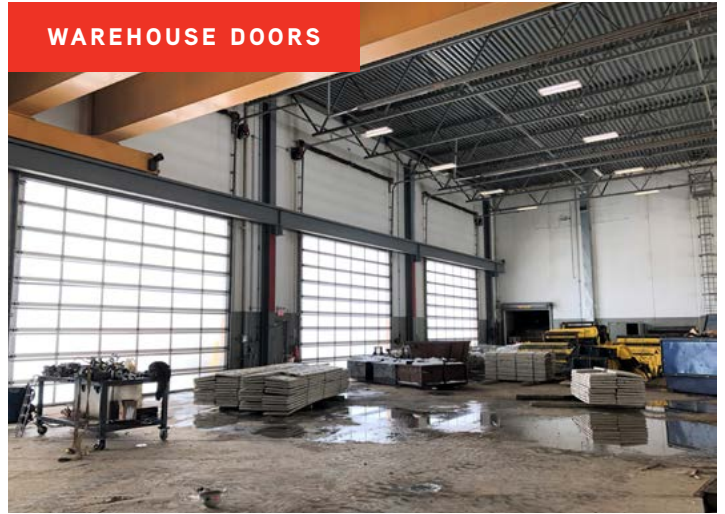
# Property Gallery - Warehouse



WAREHOUSE



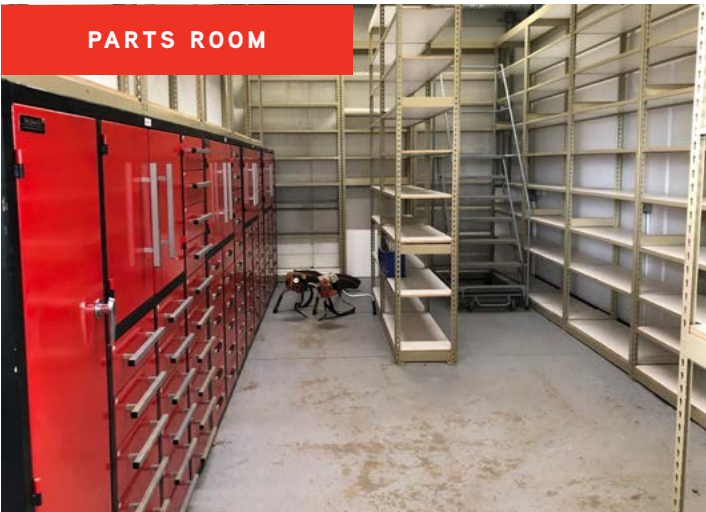
WAREHOUSE DOORS



EXTERIOR



PARTS ROOM



10 TON CRANE



431029 RANGE ROAD 261 // FOR SALE

# Property Gallery - Office



FRONT RECEPTION



BOARDROOM



KITCHEN



LUNCHROOM



OFFICE



# Location & Access

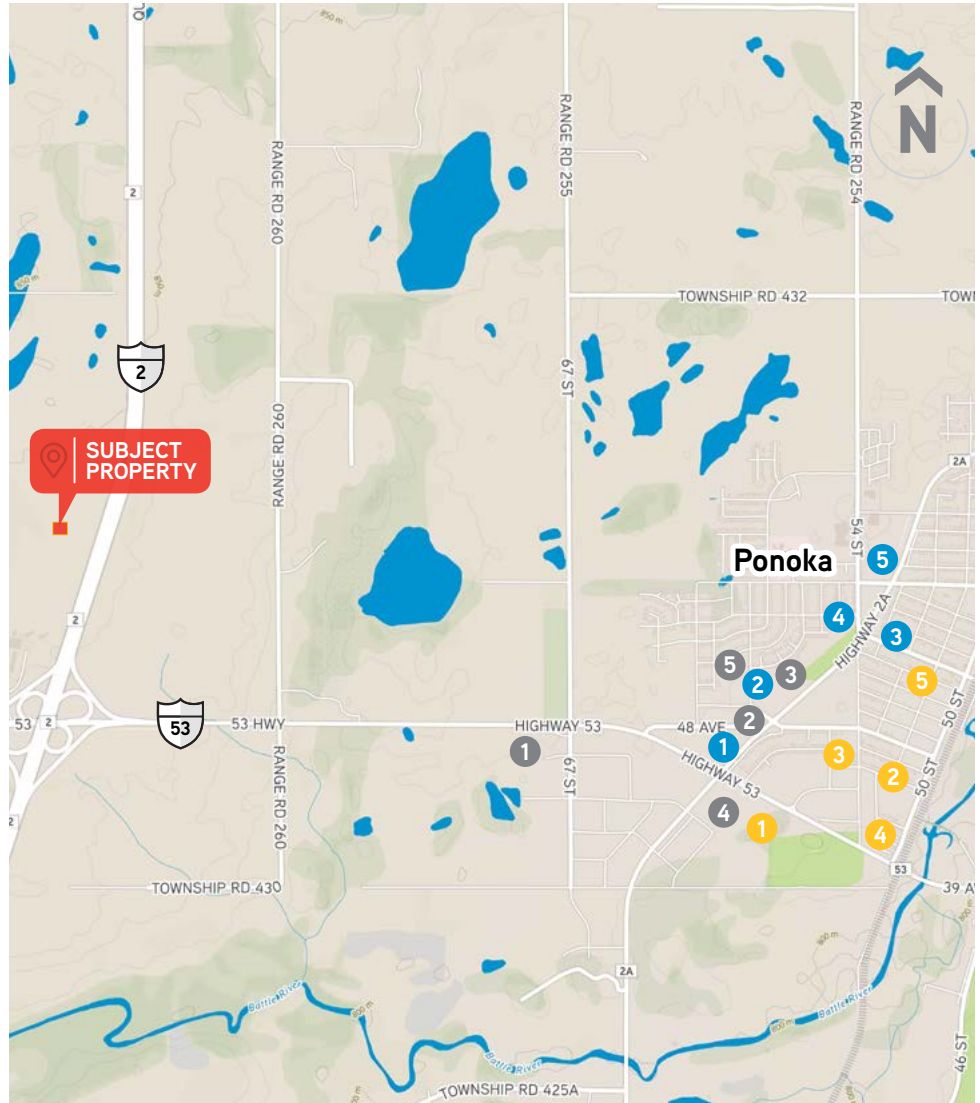


## TRAVEL DISTANCES

Edmonton	1 Hour 7 Minutes
Leduc	45 Minutes
Red Deer	38 Minutes
Blackfalds	28 Minutes
Calgary	1 Hour 54 Minutes

## AREA HIGHLIGHTS

- The Property is located just off Highway 2, providing easy access to surrounding cities
- Accessible to retail amenities in under five minutes
- Several dining options, grocery stores, gas stations and commercial spaces nearby
- Join companies such as Almita Piling, LKQ Canada Auto Parts, EPS Molders and Morskate Manufacturing



## NEARBY AMENITIES

### Food & Drink

- 1 A&W
- 2 Tim Hortons
- 3 Subway
- 4 McDonald's
- 5 Boston Pizza

### Service & Entertainment

- 1 No Frills
- 2 Ponoka Recreation Centre
- 3 Liquor Store
- 4 Rexall
- 5 Banks

### Gas Stations

- 1 Co-op Gas Bar
- 2 Esso
- 3 Fas Gas Plus
- 4 Petro-Canada
- 5 Husky

## Contact us



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Client Project Coordinator

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**TYLER FESSLER**  
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First Choice Realty (Ponoka) Ltd.

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Colliers Macaulay Nicolls Brokerage Inc. (Edmonton). \*Personal Real Estate Corporation.

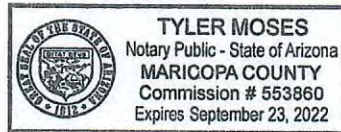
COLLIERS INTERNATIONAL  
2210 Manulife Place, 10180 - 101 Street  
Edmonton, AB T5J 3S4

[collierscanada.com](https://collierscanada.com)

THIS IS **EXHIBIT "2"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.





RR 261  
Ponoka County  
Alberta

**FOR SALE**

**FEATURED BENEFITS**

# Prime Commercial Land

\$50,000 - \$150,00


Asking Price Per Acre

40.01 Acres

Available

 Serviced to Lot Line

 4 Individual Land Parcels

 Paved access, stripped and graded lots brought to sub-grade



Accelerating success.

**COLLIERS INTERNATIONAL**  
2210 Manulife Place, 10180 - 101 Street  
Edmonton, AB T5J 3S4  
[www.collierscanada.com](http://www.collierscanada.com)

[collierscanada.com/27350](http://collierscanada.com/27350)  **VIEW ONLINE**

# Quick Highway Access

Lot #	Block #	Size (Acre)	Price Per Acre
Lot 2	Block 3	10.01	\$50,000 Per Acre
Lot 4	Block 3	9.98	\$50,000 Per Acre
Lot 1	Block 2	10.01	\$150,000 Per Acre
Lot 3	Block 2	10.01	\$150,000 Per Acre

## FEATURES

- Frontage on HWY 2 and RR 261
- Lots 1 and 3 have both been stripped, graded and brought to subgrade
- Lots 2 and 4 have had black dirt stripped and piled on lot
- Ready for development
- **Join companies such as Almita Piling, LKQ Canada Auto Parts, EPS Molders and Morskate Manufacturing**



## Contact Us For More Information



**BLAIR MCARTHUR**  
Associate

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**TYLER FESSLER**  
Associate  
First Choice Realty (Ponoka) Ltd.

P: +1 403 357 4401  
Feslland@gmail.com

## TRAVEL DISTANCES

Edmonton	1 Hour 7 Minutes
Leduc	45 Minutes
Red Deer	38 Minutes
Blackfalds	28 Minutes
Calgary	1 Hour 54 Minutes

VIEW ONLINE

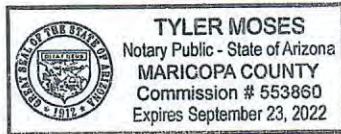
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THIS IS **EXHIBIT "3"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moser*

A Notary Public in and for the State of Arizona,  
U.S.A.



## PROMISSORY NOTE

Dated May 1, 2017.

BETWEEN:

**W. PIDHIRNEY HOLDINGS LTD.**, a corporation existing under the laws of Alberta (the "**Holder**")

- and -

**GALLOWAY CONSTRUCTION GROUP LTD.**, a corporation existing under the laws of British Columbia (the "**Borrower**")

**WHEREAS** the Holder, the Borrower and Wade Galloway are parties to that certain Subscription and Note Purchase Agreement dated concurrently herewith (the "**Note Purchase Agreement**") in respect of the provision of a term loan, purchase of a note and subscription for shares in the capital of the Borrower by the Holder;

**AND WHEREAS** this Promissory Note is the "Note" defined in and issued pursuant to the terms of the Note Purchase Agreement;

**AND WHEREAS** the obligations of the Borrower to the Holder pursuant to the Note Purchase Agreement and this Promissory Note are secured by that certain general security agreement dated concurrently herewith between the Holder and the Borrower (the "**GSA**"), and certain mortgages registered against real property of the Borrower (the "**Mortgages**").

**NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

### **ARTICLE I** **INTERPRETATION**

#### **1.1 Definitions**

In this Promissory Note, (a) capitalized terms not expressly defined herein have the meanings given to them in the Note Purchase Agreement, and (b) the expressions following shall have the meanings set forth below, namely:

"**Business Day**" means a day which is not a Saturday or a Sunday or a civic or statutory holiday in Alberta;

"**Due Date**" has the meaning set out in Section 2.3;

"**GSA**" has the meaning set out in the Recitals;

"**Mortgages**" has the meaning set out in the Recitals;

"**Note Purchase Agreement**" has the meaning set out in the Recitals;

"**Principal Amount**" has the meaning set out in Section 2.1.

## **1.2 Time of Essence**

Time shall be of the essence hereof and of this Promissory Note issued hereunder.

## **1.3 Currency**

All dollar figures stipulated in this Promissory Note, and all payments required to be made hereunder, shall be in Canadian dollars.

## **ARTICLE II TERMS**

### **2.1 Principal**

Subject to and in accordance with the terms hereof, the Borrower covenants and agrees to repay to the Holder the principal sum of Seven Million dollars (\$7,000,000) (the "**Principal Amount**").

### **2.2 Interest**

- (a) From the date hereof until the Due Date, interest shall accrue on the Principal Amount at a rate of one percent (1%) per annum, compounded monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- (b) At all times following the Due Date, interest shall accrue on the Principal Amount at a rate of sixteen percent (16%) per annum, and shall be computed daily, compounded daily and shall be payable both before and after any or all of defaults, demand and judgment.
- (c) Accrued interest shall be payable quarterly.

### **2.3 Repayment**

The Principal and all accrued and unpaid interest shall be due and payable on the earliest of the following (such date called the "**Due Date**"):

- (a) the occurrence of an Event of Default; or
- (b) May 1, 2020.

## **2.4 Prepayment**

The Borrower shall be entitled to prepay this Promissory Note in whole or in part without penalty.

### **ARTICLE III** **NOTICES**

#### **3.1 Notice to Borrower**

Any notice to the Borrower under the provisions of this Promissory Note shall be valid and effective if given by facsimile, certified or registered letter, postage prepaid or delivered by Federal Express or other international courier addressed to the Borrower at 6610 46<sup>th</sup> Avenue, Ponoka, AB T4J 1J8, Attention: Wade Galloway, facsimile: (403) 783-5340, notice shall be deemed to have been effectively given, if sent by facsimile, on the day after the date which it was actually sent, and if sent by personal delivery, on the date it was actually received, or if sent by mail, on the day that is five (5) Business Days after the date of mailing. The Borrower may from time to time notify the Holder in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Borrower for all purposes of this Promissory Note.

#### **3.2 Notice to Holder**

Any notice to the Holder under the provisions of this Promissory Note shall be valid and effective if given by facsimile, certified or registered letter, postage prepaid or delivered by Federal Express or other international courier addressed to the Holder at P.O. Box 61, Leslieville, AB T0M 1H0, Attention: Wayne Pidhirney, facsimile: (403) 729-3606 and shall be deemed to have been effectively given, if sent by facsimile, on the day after the date which it was actually sent, and if sent by personal delivery, on the date it was actually received, or if sent by mail, on the day that is five (5) Business Days after the date of mailing. The Holder may from time to time notify the Borrower in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Holder for all purposes of this Promissory Note.

### **ARTICLE IV** **MISCELLANEOUS**

#### **4.1 Assignment**

The Promissory Note is not assignable by either party hereto without the prior written consent of the other party.

#### **4.2 Binding Effect**

This Promissory Note shall be binding on the Borrower, and its successors and assigns, and enure to the benefit of the Holder and his successors and assigns. This Promissory Note is

the "Note" contemplated by and issued pursuant to the Note Purchase Agreement, and is therefore subject to the terms of the Note Purchase Agreement, as applicable:

**4.3 Costs and Expenses**

The Borrower shall reimburse, forthwith upon demand made by the Holder, all out of pocket expenses incurred, including legal fees, in respect of the drafting, negotiation, finalization, registration and, if applicable, enforcement, of this Promissory Note, and all security granted in connection therewith, including land titles registration fees in respect of Mortgages.

The parties hereto have executed these presents under the hands of their proper officers in that behalf.

**W. PIDHIRNEY HOLDINGS LTD.**

**GALLOWAY  
GROUP LTD.**

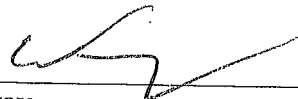
**CONSTRUCTION**

Per:

\_\_\_\_\_  
Wayne Pidhirney

Per:

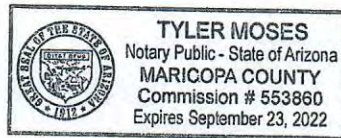
\_\_\_\_\_  
Wade Galloway



THIS IS **EXHIBIT "4"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.



## GENERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the 1st day of May, 2017.

**BETWEEN:**

**GALLOWAY CONSTRUCTION GROUP LTD. (the "Grantor")**

- and -

**W. PIDHIRNEY HOLDINGS LTD. (the "Secured Party")**

**RECITALS:**

- A. The Grantor is indebted to the Secured Party pursuant to a promissory note dated as of the date hereof in the principal amount of seven million dollars (\$7,000,000) between, the Grantor and the Secured Party (the "**Promissory Note**"), which was issued pursuant to the Note Purchase Agreement, and the Grantor may from time to time hereafter be indebted to, or have additional or other obligations outstanding to, the Secured Party, including pursuant to additional loans made from time to time;
- B. As security for its Obligations, the Grantor has agreed to grant to the Secured Party a security interest in the Collateral.

NOW, THEREFORE, for and in consideration of the above premises and the mutual covenants and agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), the Grantor and the Secured Party hereby agree as follows:

### ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

#### 1.1 Definitions

Wherever used in this Agreement (including in the recitals hereto), the following words and terms have the meanings set out below:

**"Account Debtor"** means any person who is or becomes obligated to the Grantor under, with respect to, or on account of, an account;

**"Affiliate"** of any person means, at the time such determination is being made, any other person controlling, controlled by or under common control with such first person, in each case, whether directly or indirectly, and "control" and any derivation thereof means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies, business or affairs of a person whether through the ownership of voting securities, by contract or otherwise;

**"Agreement"** means this agreement, as amended, restated, extended, supplemented, replaced, continued, renewed or otherwise modified from time to time;

**"Chief Executive Office"** means the chief executive office of the Grantor, being the office of the Grantor where its most senior executive officers are located, where such executive officers

generally transact business and from which the chief administrative and policy-making functions of the Grantor emanate;

**"Collateral"** means, all of the Grantor's present and after acquired personal property and real property;

**"Contracts"** means any contracts, agreements, indentures, licences, permits, commitments, entitlements, engagements or other arrangements, including any investment with or interest in any person which does not constitute investment property, whether written or unwritten, to which the Grantor is now or subsequently a party or has a benefit or right, or in which the Grantor now has or subsequently acquires an interest;

**"Distribution"** means;

- (a) any declaration or payment of dividends, distributions, royalties or fees of any kind directly or indirectly to any holder of any shares, partnership units or trust units or other form of equity ("**Securities**") of the Grantor;
- (b) any repurchase, retraction, redemption, acquisition or retirement of Securities of the Grantor or any Subsidiary;
- (c) any payment by the Grantor of any amount of principal, interest or other amounts in respect of any indebtedness or obligations owed to any Affiliate of the Grantor or any holder of Securities of the Grantor;
- (d) any loan or advance which is made by the Grantor to or in favour of a holder of Securities in the Grantor or an Affiliate of the Grantor; or
- (e) the transfer by the Grantor to any of its Affiliates or any holder of its Securities of any of its property for consideration of less than the fair market value thereof;

**"Equipment"** means all goods in which the Grantor now or subsequently has an interest other than Inventory or consumer goods, including all motor vehicles, trailers, tools, apparatus, fixtures, plant, machinery and furniture;

**"Event of Default"** has the meaning specified in Section 5.1;

**"Inventory"** means all inventory, including raw materials, works-in-progress, finished goods and by-products, spare parts, operating supplies and packing, shipping and packaging materials, of or relating to the business of the Grantor and includes Inventory supplied by the Secured Party and Inventory supplied by any other person;

**"Lien"** means: (a) any interest in property securing an obligation owed to, or a claim by, a person, whether such interest is based on the common law, statute or contract, and including without limitation, a security interest, hypothec, prior claim, charge, claim or lien arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt; and (b) any interest under a lease, consignment or bailment;

**"Material Adverse Effect"** means (a) a material adverse effect upon the operations, business, assets, or financial condition of the Grantor taken as a whole; (b) a material impairment of the



ability of the Grantor to perform its obligations under this Agreement or any other agreement between the Grantor and the Secured Party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Grantor of its obligations under this Agreement or any other agreement between the Grantor and the Secured Party;

**"Note Purchase Agreement"** means the Subscription and Note Purchase Agreement dated on or about the date hereof among the Grantor, the Secured Party, and Wade Galloway, as the same may be amended from time to time;

**"Obligations"** means, with respect to the Grantor, (a) all amounts now or subsequently owing by the Grantor to the Secured Party, including by way of guarantee or indemnity, matured or unmatured, direct, indirect or contingent, whether or not due and payable, and including any obligation for amounts owing pursuant to the Promissory Note; and (b) the strict performance and observance by the Grantor of all agreements, warranties, representations, covenants and conditions of the Grantor made pursuant to this Agreement, the Promissory Note or any other agreement between the Grantor and the Secured Party, in each case as now in effect or as subsequently entered into, amended, restated, supplemented, renewed, extended or replaced from time to time;

**"Permitted Liens"** means:

- (a) the Roynat Security;
- (b) Liens for taxes, assessments, charges or other governmental levies not delinquent or statutory Liens for taxes, assessments, charges or other governmental levies not delinquent;
- (c) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction Liens or other similar Liens incurred in each case in the ordinary course of business and not delinquent;
- (d) Liens constituting encumbrances in the nature of reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property;
- (e) the interest or title of a lessor under any lease of assets entered into by the Grantor in the ordinary course of its business and covering only the assets so leased;
- (f) any Lien in favor of the Secured Party; and
- (g) any Lien consented to by the Secured Party;

**"person"** includes any individual person, partnership, form of corporate or business association, trust, government entity, or organization or association of which any of the above is a member or a participant;

**"PPSA"** means the *Personal Property Security Act* (Alberta), R.S.A. 2000, c.P-7;

"**Roynat Loan**" means the loan made by Roynat Inc. to the Grantor prior to the date hereof and secured by a mortgage against certain real property of the Grantor, and a general security interest in all present and after-acquired personal property of the Grantor;

"**Roynat Security**" means the Liens granted by the Grantor prior to the date hereof to secure the Roynat Loan;

"**Security Interest**" means the security interest granted under Section 2.1.

## 1.2 Defined Statutory Terms

Unless the context otherwise requires or unless otherwise specified, all the terms used in this Agreement without initial capitals, which are defined in the PPSA, have the same meanings in this Agreement as in the PPSA.

## 1.3 Certain Rules of Interpretation

In this Agreement:

- (a) **Headings and Cross-References** - Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement. References to "Articles" or "Sections" means the specified Articles or Sections of this Agreement.
- (b) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".
- (c) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.
- (d) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.
- (e) **References** – A reference to a statute includes all regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation which amends, revises, restates, supplements or supersedes any such statute or any such regulation or, in each case, any provision thereof. A reference to an agreement or other document includes all schedules, amendments, supplements, extensions, renewals, replacements, novations or restatements from time to time.
- (f) **Time** – Time is of the essence in the performance of the parties' respective obligations.

## **ARTICLE 2 SECURITY INTERESTS**

### **2.1 Security Interest**

As continuing security for the payment and the performance of each of the Obligations, the Grantor grants to the Secured Party, a security interest in all of the Grantor's Collateral (the "**Security Interest**").

### **2.2 Fixed Nature of Security Interest**

The Security Interest is intended to operate as: (a) a first fixed and specific charge and security interest of all of the Collateral presently existing; (b) a first fixed and specific charge and security interest of all future Collateral; and (c) to the extent permitted by applicable law, a floating charge against all real property included in the Collateral.

### **2.3 Attachment**

The Grantor acknowledges that value has been given. The Security Interest of the Grantor is intended to attach, as to all of the Collateral, upon the execution by the Grantor of this Agreement.

### **2.4 Leases**

The last day of any term reserved by any real property lease or sublease, written or unwritten, or any agreement to lease or sublease real property, now held or subsequently acquired by the Grantor is excepted out of the Security Interest. The Grantor agrees that it will stand possessed of the reversion of such last day of the term and shall hold it in trust for the Secured Party for the purpose of this Agreement.

### **2.5 Consent; Limitations to grant of Security Interest**

Nothing in this Agreement shall constitute an assignment or attempted assignment of any Contract which by its provisions or by applicable law is not assignable, which would result in the termination of or a breach under such Contract, or which requires the consent of a third party to its assignment unless such consent has been obtained. With respect to any Contract which the Secured Party reasonably determines to be material, the Grantor shall promptly, upon written request by the Secured Party, attempt to obtain the consent of any necessary third party to its assignment under this Agreement and to its further assignment by the Secured Party to any third party as a result of the exercise by the Secured Party of remedies hereunder. Upon such consent being obtained or waived, this Agreement shall apply to the applicable Contract without regard to this section and without the necessity of any further assurance to effect such assignment. Unless and until the consent to assignment is obtained or waived as provided above, the Grantor shall, to the extent it may do so at law or pursuant to the provisions of the Contract or interest in question hold all benefit to be derived from such Contract in trust for the Secured Party, as additional security for payment of the Obligations and shall deliver up all such benefit to the Secured Party, promptly upon demand by the Secured Party.

## **ARTICLE 3 GRANTOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **3.1 Representations and Warranties**

The Grantor represents and warrants to the Secured Party the matters set out below:

- (a) **Status** – It is a corporation, duly incorporated, and validly existing under the laws of Alberta.
- (b) **Authority** – It has all necessary corporate power, authority, and capacity (a) to own its assets, including the Collateral; (b) to carry on business as presently conducted; and (c) to enter into and carry out its obligations under this Agreement and to grant the Security Interest.
- (c) **Ownership of Collateral Free of Charges** – It is the owner of or has rights in its Collateral free and clear of all Liens whatsoever other than Permitted Liens and has not granted any right to acquire an interest in any of the Collateral to any other person.
- (d) **Non-Conflict** – Neither the execution nor the performance of this Agreement is in contravention of or in conflict with the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound.
- (e) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms.
- (f) **Corporate Names** – Its full legal name is as set forth in the preamble to this Agreement, and it has no French form of name or trade name.

All representations and warranties of the Grantor made in this Agreement or in any certificate or other document delivered by or on behalf of the Grantor to or for the benefit of the Secured Party are material, shall survive and shall not merge upon the execution and delivery of this Agreement and shall continue in full force and effect. The Secured Party shall be deemed to have relied upon such representations and warranties notwithstanding any investigation made by or on behalf of the Secured Party at any time.

### 3.2 Covenants

The Grantor covenants and agrees that:

- (a) **Existence** – It shall: (i) maintain its corporate or other existence in good standing under the laws of its jurisdiction of incorporation or organization; (ii) continue to conduct its business substantially as now conducted; and (iii) do, or cause to be done, all things necessary to keep in full force and effect all permits and all properties, rights, franchises, licenses and qualifications to carry on its business in all jurisdictions where such business is currently being carried on.
- (b) **Conduct of Business** – It shall keep all of its assets used or useful in the conduct of its business in good repair, working order and condition, ordinary wear and tear excepted, and from time to time shall make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements to such assets in the conduct of its business as may be properly advantageous to its business at all times.
- (c) **Compliance with Agreements and Laws** – It shall comply with all applicable law in the conduct of its business including those relating to quotas, licencing, privacy, employment and labour matters, pension and environmental laws, and obtain all required permits and authorizations required in the conduct of its business and maintain them and all material contracts in good standing.

- (d) **Notification to Secured Party** – It shall promptly notify the Secured Party of:
  - (i) **Claims and Liens** – any claim or Lien (other than a Permitted Lien) made or asserted against any of the Collateral;
  - (ii) **Proceedings** – any suit, action or proceeding affecting any of the Collateral or which could affect the Grantor; or
  - (iii) **Loss or Damage** – all material loss or damage to or loss of possession of all or any part of the Collateral other than by disposition in accordance with the terms of this Agreement;
  - (iv) **Account Debtor Non-Performance** – any material failure of any Account Debtor in the payment or performance of obligations due to the Grantor.
- (e) **Marking the Collateral** – It shall, at the request of the Secured Party, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the Security Interest.
- (f) **Encumbrances** – It shall not create, incur, assume, permit or suffer to exist any Lien, on or with respect to any of the Collateral, except for Permitted Liens.
- (g) **Payment of Obligations** – It shall pay and discharge or cause to be paid and discharged promptly all rents, charges, taxes, rates, levies, assessments, fees and duties payable by it before any of them shall become past due, including any which relate to any of the Collateral.
- (h) **Maintenance of Collateral** – It shall take all reasonable steps to preserve and protect each item of the Collateral and it shall not move any tangible Collateral from the current locations except in the ordinary course of its business.
- (i) **Inventory** – All Inventory of the Grantor, whether or not supplied by the Secured Party, shall be properly stored in accordance with prudent industry standards in order to preserve and protect such Inventory.
- (j) **Examination of Books and Records and Collateral** – The Secured Party or its agents shall have the right to examine the books of accounts, financial records and reports of the Grantor wherever and however such data may be stored and to have temporary custody of, make copies of and take extracts from such books, records and reports. During reasonable business hours, the Secured Party or its agents shall have the right to examine the Collateral and review and copy any and all information and data relating to such property, or to any related transactions, wherever and however such information and data may be stored.
- (k) **Delivery of Documents** – It shall deliver to the Secured Party promptly upon request:
  - (i) **Documents** – any chattel paper and documents of title;
  - (ii) **Policies of Insurance** – all policies and certificates of insurance relating to the Collateral;

- (iii) **Contracts and Agreements** – copies of all Contracts and all other agreements, licenses, permits and consents relating to the Collateral and the Grantor's business; and
  - (iv) **Other Information** – information concerning the Collateral, the Grantor and the Grantor's business and affairs.
- (l) **Risk and Insurance** – The Grantor bears the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Grantor's possession of the Collateral or otherwise. The Grantor shall maintain insurance on all of the Collateral with financially sound and reputable insurers including, without limitation, all-risk property insurance, comprehensive general liability insurance and business interruption insurance and with such coverage and against such loss or damage to the full insurable value of such property with the Secured Party as a named insured and with loss payable to the Secured Party as its interest may appear. The Grantor shall also obtain such other insurance coverage as the Secured Party may reasonably require from time to time. All such policies of insurance shall provide that such insurance coverage shall not be changed or cancelled except on thirty (30) days' prior written notice to the Secured Party. If the Grantor fails to so insure, the Secured Party may insure the Collateral and the premiums for such insurance shall be added to the balance of the Obligations secured under this Agreement.
- (m) **Changes and Other Names** – It shall not, without giving 30 days' prior written notice to Secured Party, (i) change its name as it appears in official filings in the jurisdiction of its organization; (ii) change its registered office, head office, Chief Executive Office, principal place of business, domicile (within the meaning of the *Civil Code of Quebec*), corporate offices or warehouses or locations at which Collateral is held or stored, or the location of its books and records; (iii) change the type of entity that it is; or (iv) change its jurisdiction of incorporation or organization.
- (n) **No Consolidation/Amalgamation, etc.** – It shall not enter into any transaction (or series of transactions) whether by way of reconstruction, arrangement, reorganization, consolidation, amalgamation, winding-up, liquidation, dissolution, merger or otherwise, whereby all or substantially all of its undertaking and assets would become the property of any other person (or continuing corporation) without the prior written consent of the Secured Party.
- (o) **Material Adverse Effect** – It shall not do any act or thing that would have or cause a Material Adverse Effect.
- (p) **No Affecting the Security** – It shall not do, permit or suffer to be done anything to adversely affect the ranking, validity or perfection of the Security Interest.
- (q) **No Transfer** – It shall not sell, dispose of, assign, convey or otherwise transfer any of the Collateral, or any rights thereunder other than in the ordinary course of its business.
- (r) **Defend Collateral** – It shall, at its own expense, take any and all commercially reasonable actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Secured Party in the Collateral and the priority thereof against any Lien not expressly permitted to exist and/or to rank prior to the Security Interest, as applicable.

- (s) **No Distributions** – It shall not make or commit to make any Distribution.

#### ARTICLE 4 RIGHT TO DEAL

##### 4.1 Rights before Default

Until the occurrence of an Event of Default which is continuing, and subject to the terms of this Agreement, the Grantor is entitled to deal with the Collateral in the ordinary course of business, provided that no such action shall be taken which would impair the effectiveness of the Security Interest or the value of the Collateral or which would be inconsistent with or violate the provisions of this Agreement, or any other written agreement between the Secured Party and the Grantor.

#### ARTICLE 5 REMEDIES

##### 5.1 Default

The Grantor shall be in default under this Agreement upon the occurrence of any of the following events (each, an "**Event of Default**"):

- (a) **Performance of Obligations** – The Grantor defaults in payment or performance of any of the Obligations;
- (b) **Covenant Default** – The Grantor commits a breach of, or fails or neglects to observe, perform, or comply with any covenant or any other provision in favour of the Secured Party;
- (c) **Representation and Warranty** – Any representation or warranty made by the Grantor in or pursuant to this Agreement or in any document or certificate or other statement is or proves to be incorrect in any material respect when made;
- (d) **Cease to Carry on Business** – The Grantor ceases or threatens to cease to carry on business;
- (e) **Event of Insolvency** – The occurrence or threat of any one of the following events:
  - (i) **Dissolution** – The Grantor is wound up, dissolved or liquidated under any law or otherwise has its existence terminated or passes any resolution or becomes subject to any order in connection with any of the above;
  - (ii) **Insolvency** – The Grantor makes a general assignment for the benefit of its creditors, acknowledges its insolvency or is declared or becomes bankrupt or insolvent or the Grantor commits an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any similar law of any jurisdiction;
  - (iii) **Bankruptcy Proposal** – Any filing of a proposal or notice of intention to make a proposal is made or a notice of intention to enforce security is issued in respect of the Grantor under the *Bankruptcy and Insolvency Act* (Canada) or any similar law of any jurisdiction;

- (iv) **Protection from Creditors** – Any filing is made or a proceeding is commenced in respect of the Grantor (whether voluntary or involuntary) seeking any stay of proceedings, protection from creditors, moratorium, reorganization, arrangement, composition, re-adjustment, or any other relief under any present or future law of any jurisdiction relative to bankruptcy, insolvency, reorganization or other relief for debtors or affecting creditors' rights, including the *Companies' Creditors Arrangement Act* (Canada);
- (v) **Appointment of Trustee or Receiver** – Any trustee in bankruptcy, interim receiver, receiver, receiver and manager, agent, custodian, sequestrator, administrator, monitor or liquidator or any other person with similar powers shall be appointed in respect of the Grantor, or all or any part of the Collateral;
- (vi) **Enforcement Against Collateral** – Any holder of any Lien or claim of any kind enforces against, delivers any notices relating to its rights or its intention to enforce against all or any part of the Collateral; or
- (vii) **Seizure** – A seizure, distress, execution, warrant, garnishment, attachment, sequestration, levy, writ, or any similar process is issued or enforced upon or against all or any part of the Collateral;
- (f) **Cross Default** – The Grantor defaults under the terms of the Promissory Note, Note Purchase Agreement, or the Roynat Loan, or any other agreement with respect to any indebtedness or other obligation to any person other than the Secured Party if such default has resulted in, or may result, with notice or lapse of time or both, in, the acceleration or demand for payment of any such indebtedness or obligation or the right of such person to realize upon all or any part of the Collateral; or
- (g) **Material Adverse Effect** – The Secured Party in good faith believes that a Material Adverse Effect has occurred.

## 5.2 Secured Party's Rights and Remedies

Upon the occurrence of an Event of Default which is continuing, all of the Obligations shall, at the Secured Party's option and without notice to the Grantor, become immediately due and payable and the Secured Party may, in its discretion, proceed to enforce payment and performance of the Obligations and to exercise any or all of the rights and remedies contained in this Agreement, or otherwise afforded by applicable law, in equity or otherwise. The Secured Party shall have the right to enforce one or more rights and remedies successively or concurrently in accordance with applicable law and the Secured Party expressly retains all rights and remedies not inconsistent with the provisions of this Agreement including all the rights it may have under the PPSA. Without limitation, the Secured Party may, upon the occurrence of any Event of Default which is continuing and to the extent permitted by applicable law:

- (a) **Appointment of Receiver** – Appoint by instrument in writing a receiver (which term shall include a receiver and manager or agent) of the Grantor and of all or any part of the Collateral and remove or replace such receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a receiver. Any such receiver appointed by the Secured Party, with respect to responsibility for its acts, shall, to the extent permitted by applicable law, be deemed the agent of the Grantor and not of the Secured Party. Where the "Secured Party" is referred to in this Article the



reference includes, where the context permits, any receiver so appointed and the officers, employees, servants or agents of such receiver;

- (b) **Enter and Repossess** – Immediately and without notice enter the Grantor's premises and repossess, disable or remove the Collateral;
- (c) **Retain the Collateral** – Retain and administer the Collateral in the Secured Party's sole and unfettered discretion;
- (d) **Dispose of the Collateral** – Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality and on such terms and conditions as the Secured Party may establish;
- (e) **Foreclosure** – Foreclose upon the Collateral;
- (f) **Bankruptcy Claims** – File proofs of claims or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Grantor;
- (g) **Enforcing Third Party Obligations** – In the Grantor's name, perform, at the Grantor's expense, any and all of the Grantor's obligations or covenants relating to the Collateral and enforce performance by any other parties of their obligations in relation to the Collateral and settle any disputes with other parties upon terms that the Secured Party deems appropriate, in its discretion;
- (h) **Collection of Accounts and Proceeds** – On its own account or through a receiver, receiver-manager or agent and whether alone or in conjunction with the exercise of all or any other remedies contemplated by this Agreement, notify and direct Account Debtors and any person obligated to the Grantor under a promissory note or bill of exchange to make all payments whatsoever to the Secured Party and the Secured Party shall have the right, at any time, to hold all amounts received from any account debtors and any person obligated to the Grantor under a promissory note or bill of exchange and any proceeds as part of the Collateral. Upon the occurrence, and during the continuance of, an Event of Default, any payments or proceeds received by the Grantor shall be held by the Grantor in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Grantor and shall, at the request of the Secured Party be turned over to the Secured Party not later than the next business day following the day of their receipt;
- (i) **Carry on Business** – Carry on or concur in the carrying on of all or any part of the business of the Grantor and may, in any event, to the exclusion of all others, including the Grantor, enter upon, occupy and use all premises of or occupied or used by the Grantor and use any of the personal property (which shall include fixtures) of the Grantor for such time and such purposes as the Secured Party sees fit. The Secured Party shall not be liable to the Grantor for any neglect in so doing or in respect of any related rent, costs, charges, depreciation or damages;
- (j) **Payment of Encumbrances** – Pay any Liens or other claims that may exist or be threatened against the Collateral, and any amount so paid together with costs, charges and expenses incurred shall be added to the Obligations;

- (k) **Payment of Deficiency** – If the proceeds of realization are insufficient to pay all Obligations, the Grantor shall forthwith pay or cause to be paid to the Secured Party any deficiency and the Secured Party may sue the Grantor to collect the amount of such deficiency; and
- (l) **Dealing with Collateral** – Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and place or places and for such consideration as may seem to the Secured Party advisable and without notice to the Grantor. The Secured Party may charge on its own behalf and pay to others sums for expenses incurred and for services rendered (expressly including legal, consulting, broker, management, receivership and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add all such sums to the Obligations.

### **5.3 Assemble or Deliver the Collateral**

To assist the Secured Party in the implementation of such rights and remedies, the Grantor will, at its own risk and expense and immediately upon the Secured Party's request, assemble and prepare for removal such items of the Collateral as are selected by the Secured Party as shall, in the Secured Party's sole judgment, have a value sufficient to cover all the Obligations and shall deliver all such Collateral to a location designated by the Secured Party, acting reasonably.

### **5.4 Allocation of proceeds**

Subject to applicable law, the Secured Party shall apply the proceeds of any collection or sale of Collateral, including any Collateral consisting of cash, to such part or parts of the Obligations as the Secured Party may see fit, and the Secured Party shall at all times and from time to time have the right to change any appropriation as the Secured Party sees fit and any surplus shall be accounted for as required by applicable law.

### **5.5 Waivers and Extensions**

The Secured Party may waive any default or any breach by the Grantor of any of the provisions contained in this Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived and no act or omission of the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Grantor or the rights of the Secured Party resulting therefrom. Any such waiver must be in writing and signed by the Secured Party to be effective.

The Secured Party may also grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Grantor's guarantors or sureties and others and with the Collateral and other securities as the Secured Party may see fit without prejudice to the liability of the Grantor to the Secured Party, or the Secured Party's rights, remedies and powers under this Agreement. No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Secured Party to the Grantor shall operate as a waiver, alteration or amendment of the rights of the Secured Party or otherwise preclude the Secured Party from enforcing such rights.

## **5.6 Statutory Waivers by Grantors**

To the fullest extent permitted by law, the Grantor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of the Secured Party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

## **5.7 Effect of Possession or Receiver**

As soon as the Secured Party takes possession of any Collateral or appoints a receiver, all powers, functions, rights and privileges of the Grantor and the directors and officers of the Grantor with respect to the Collateral shall cease, unless specifically continued by the written consent of the Secured Party or the receiver.

## **5.8 Set-off or Compensation**

In addition to, and not in limitation of, any rights granted now or after the date of this Agreement at law, upon the occurrence and during the continuance of an Event of Default, the Secured Party may (to the extent permitted by applicable law) at any time and from time to time without notice to the Grantor (it being expressly waived by the Grantor) set-off and compensate and apply any and all money, securities accounts, futures accounts, deposits, general or special, term or demand, provisional or final, matured or unmatured, and any other indebtedness at any time owing by the Secured Party, or appropriate any other properties or assets at any time held by the Secured Party, to or for the credit of or the account of the Grantor, against and on account of the Obligations, even if any of them are contingent or unmatured.

## **5.9 Power of Attorney**

The Grantor irrevocably constitutes and appoints the Secured Party as the true and lawful attorney of the Grantor with power of substitution in the name of the Grantor to do any and all acts and things, complete any endorsements or registrations and execute and deliver all agreements, documents and instruments as the Secured Party, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies, provided that such power of attorney shall not be exercised until an Event of Default has occurred and is continuing. The Grantor ratifies and agrees to ratify all acts of any attorney taken or done in accordance with this Section 5.9. This power of attorney being coupled with an interest shall not be revoked or terminated by any act and shall remain in full force and effect until this Agreement has been terminated.

## **5.10 Limitation of Liability**

The Secured Party shall not be liable or accountable (other than for its own gross negligence or wilful misconduct):

- (a) by reason of any entry into or taking possession of all or any of the Collateral, to account as mortgagee in possession or for anything except actual receipts, or for any loss on realization or any act or omission for which a secured party in possession might be liable; or
- (b) for any failure to (i) exercise or exhaust any of its rights and remedies, (ii) take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral, or (iii) protect the Collateral from depreciating in value or becoming worthless, and shall not, in each case, be bound to institute proceedings for such purposes

or for the purpose of preserving any rights, remedies or powers of the Secured Party, the Grantor or any other person in respect of same.

The Secured Party shall not by virtue of this Agreement be deemed to be a mortgagee in possession of the Collateral. The Grantor releases and discharges the Secured Party and the receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Grantor or any person claiming through or under the Grantor by reason or as a result of anything done or not done by the Secured Party or any successor or assign claiming through or under the Secured Party or the receiver under the provisions of this Agreement unless such claim be the result of gross neglect or wilful misconduct.

## **ARTICLE 6 GENERAL**

### **6.1 Secured Party's Fees and Expenses; Indemnification**

The Grantor shall pay all costs and expenses (including the reasonable fees and disbursements of legal counsel and other advisors) incurred by the Secured Party arising in connection with the delivery, control, realization, disposition, retention, protection or collection of any Collateral and the protection or enforcement of the rights, remedies and powers of the Secured Party or any receiver and those incurred for registration of any financing statement registered in connection with the Security Interest. All amounts for which the Grantor is required under this Agreement to reimburse the Secured Party or any receiver shall, from the date of disbursement until the date the Secured Party or the receiver receives reimbursement, be deemed advanced to the Grantor by the Secured Party, shall be deemed to be Obligations secured hereby and shall bear interest at the highest rate per annum charged by the Secured Party on any of the other Obligations.

In particular, the Grantor agrees to indemnify and save the Secured Party harmless from all legal fees and disbursements incurred by the Secured Party in connection with any enforcement of rights and remedies under this Agreement. This indemnity is independent of and in addition to any right which the Secured Party may have to seek recovery of costs in any litigation which results in respect of this Agreement and is intended to ensure that the Secured Party is fully reimbursed for one-hundred percent (100%) of the fees and disbursements which may be incurred by it and its legal counsel.

### **6.2 Demand Obligations**

The fact that this Agreement provides for Events of Default and rights of acceleration shall not derogate from the nature of any Obligation which is payable on demand.

### 6.3 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile.

- (a) in the case of a Notice to the Grantor at:

**GALLOWAY CONSTRUCTION GROUP LTD.**  
6610 – 46<sup>th</sup> Avenue  
Ponoka, AB T4J 1J8

Attention: Mr. Wade Galloway  
Fax: (403) 783-5340

- (b) in the case of a Notice to the Secured Party at:

**W. PIDHIRNEY HOLDINGS LTD.**  
P.O. Box 61  
Leslieville, AB T0M 1H0

Attention: Mr. Wayne Pidhirney  
Fax: (403) 729-3606

Any Notice delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a business day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a business day then the Notice shall be deemed to have been given and received on the next business day.

Any party may, from time to time, change its address by giving Notice to the other party in accordance with the provisions of this Section.

### 6.4 Continuing Security

The Security Interest is not in substitution for any other security for the Obligations or for any other agreement between the parties creating a security interest in all or part of the Collateral, whether made before or after this Agreement, and such security and such agreements shall be deemed to be continuing and not affected by this Agreement unless the Secured Party and the Grantor expressly provide to the contrary in writing.

### 6.5 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any party, shall be binding unless executed in writing by the parties hereto.

## **6.6 Assignment and Enurement**

This Agreement may be assigned by the Secured Party in connection with any assignment or transfer of the Obligations and any such assignee shall be entitled to exercise any and all discretions, powers and rights of the Secured Party under this Agreement. The Grantor may not assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the Secured Party. All of the Secured Party's rights under this Agreement shall enure to the benefit of its successors and assigns and all of the Grantor's obligations under this Agreement shall bind the Grantor and its successors and assigns.

## **6.7 Further Assurances**

The Grantor shall at all times do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and shall provide such further documents or instruments required by the Secured Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the Security Interest and the priority accorded to it by applicable law or under this Agreement.

## **6.8 Filings**

The Secured Party is authorized to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Grantor as it may deem necessary or appropriate to perfect, maintain or protect the Security Interest created under this Agreement.

## **6.9 Governing Law and Attornment**

This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Grantor may be found. Each of the parties irrevocably submits to the non-exclusive jurisdiction of any court in the Province of Alberta for the purposes of any legal or equitable suit, action or proceeding in connection with this Agreement.

## **6.10 Execution and Delivery**

This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts, facsimiles or other electronic means shall together constitute one and the same agreement.

## **6.11 Receipt of Copy of Agreement**

The Grantor acknowledges receiving a copy of this Agreement.

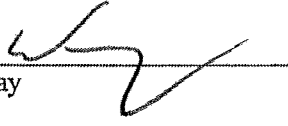
IN WITNESS OF WHICH the parties have duly executed this Agreement.

**GALLOWAY CONSTRUCTION GROUP  
LTD.**

**W. PIDHIRNEY HOLDINGS LTD.**


By:

Wade Galloway



By:

Wayne Pidhirney




IN WITNESS OF WHICH the parties have duly executed this Agreement.

**GALLOWAY CONSTRUCTION GROUP  
LTD.**

**W. PIDHIRNEY HOLDINGS LTD.**

By: \_\_\_\_\_  
Wade Galloway

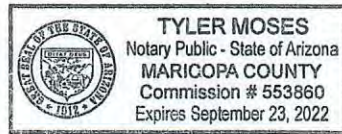
By:  \_\_\_\_\_  
Wayne Pidhirney



THIS IS **EXHIBIT "5"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.



**Search ID #:** Z11440725

**Transmitting Party**

Bennett Jones LLP

4500, 855 2nd Street SW  
Calgary, AB T2P 4K7

Party Code: 60007906

Phone #: 403 298 3375

Reference #: 72147.2/KTL/ljf

**Search ID #:** Z11440725

**Date of Search:** 2019-May-01

**Time of Search:** 12:11:52

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Exact Result(s) Only Found

**NOTE:**

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



Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 13061103644

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Jun-11

Registration Status: Current

Expiry Date: 2019-Jun-11 23:59:59

---

Exact Match on: Debtor No: 3

Exact Match on: Debtor No: 4

---

**Amendments to Registration**

13061221288

Amendment

2013-Jun-12

15031222246

Amendment

2015-Mar-12

---

**Debtor(s)**

**Block**

**Status**

Current

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
#202, 4921 - 49TH STREET  
RED DEER, AB T4N 1V2

**Block**

**Status**

Current

2 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707 - 46 AVENUE  
PONOKA, AB T4J 1J8

**Block**

**Status**

Current by  
15031222246

3 GALLOWAY CONSTRUCTION GROUP LTD.  
#202,4921-49TH STREET  
RED DEER, AB T4N 1V2

**Block**

**Status**

Current by  
15031222246

4 GALLOWAY CONSTRUCTION GROUP LTD.  
6707-46 AVENUE  
PONOKA, AB T4J 1J8

Search ID #: Z11440725

**Secured Party / Parties**

<b><u>Block</u></b>		<b><u>Status</u></b>
1	WELLS FARGO EQUIPMENT FINANCE COMPANY 2550 VICTORIA PARK AVE STE700 TORONTO, ON M2J 5A9	Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	2DEGSDZ3XE1031084	2014	DOEPKER GRAVEL LEAD	TR - Trailer	Current
2	2DEGSDA28E1031085	2014	DOEPKER GRAVEL PUP	TR - Trailer	Current
3	2DEGSDA39E1030519	2014	DOEPKER GRAVEL LEAD	TR - Trailer	Deleted By 13061221288
4	2DEGSDA26E1030520	2014	DOEPKER GRAVEL PUP	TR - Trailer	Deleted By 13061221288
5	2DEGSDA39E1030519	2014	DOEPKER SD16734L	TR - Trailer	Current By 13061221288
6	2DEGSDA26E1030520	2014	DOEPKER SD16734R	TR - Trailer	Current By 13061221288

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	TWO (2) DOEPKER SUPER B TRAIN SIDE DUMP TRAILERS LEAD & PUP TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

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Registration Number: 13080123344

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Aug-01

Registration Status: Current

Expiry Date: 2019-Aug-01 23:59:59

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Exact Match on: Debtor No: 3

Exact Match on: Debtor No: 4

---

**Amendments to Registration**

15031224543

Amendment

2015-Mar-12

---

**Debtor(s)**

**Block**

**Status**

Current

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707 46 AVENUE  
PONOKA, AB T4J 1J8

**Block**

**Status**

Current

2 GALLOWAY OILFIELD CONSTRUCTION LTD.  
202-4921 - 49TH STREET  
RED DEER, AB T4N 1V2

**Block**

**Status**

Current by  
15031224543

3 GALLOWAY CONSTRUCTION GROUP LTD.  
#202,4921-49TH STREET  
RED DEER, AB T4N 1V2

**Block**

**Status**

Current by  
15031224543

4 GALLOWAY CONSTRUCTION GROUP LTD.  
6707-46 AVENUE  
PONOKA, AB T4J 1J8

Search ID #: Z11440725

**Secured Party / Parties**

<b><u>Block</u></b>		<b><u>Status</u></b>
1	WELLS FARGO EQUIPMENT FINANCE COMPANY 2550 VICTORIA PARK AVE STE700 TORONTO, ON M2J 5A9	Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	2DEHBFZ31E1031104	2014	DOEPKER SUPER B - LEAD	TR - Trailer	Current
2	2DEHBFA2XE1031105	2014	DOEPKER SUPER B - PUP	TR - Trailer	Current
3	2DEHBFZ35E1031106	2014	DOEPKER SUPER B - LEAD	TR - Trailer	Current
4	2DEHBFA23E1031107	2014	DOEPKER SUPER B - PUP	TR - Trailer	Current
5	2DEHBFZ39E1031108	2014	DOEPKER SUPER B - LEAD	TR - Trailer	Current
6	2DEHBFA27E1031109	2014	DOEPKER SUPER B - PUP	TR - Trailer	Current

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	THREE (3) DOEPKER FLATDECK TRAILERS LEAD AND PUP TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

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Registration Number: 13080213769

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Aug-02

Registration Status: Current

Expiry Date: 2019-Aug-02 23:59:59

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Exact Match on: Debtor No: 3

Exact Match on: Debtor No: 4

---

**Amendments to Registration**

15031224368

Amendment

2015-Mar-12

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
#202, 4921 - 49TH STREET  
RED DEER, AB T4N 1V2

Current

**Block**

**Status**

2 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707-46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Block**

**Status**

3 GALLOWAY CONSTRUCTION GROUP LTD.  
#202,4921-49TH STREET  
RED DEER, AB T4N 1V2

Current by  
15031224368

**Block**

**Status**

4 GALLOWAY CONSTRUCTION GROUP LTD.  
6707-46 AVENUE  
PONOKA, AB T4J 1J8

Current by  
15031224368

Search ID #: Z11440725

**Secured Party / Parties**

<b><u>Block</u></b>		<b><u>Status</u></b>
1	WELLS FARGO EQUIPMENT FINANCE COMPANY 2550 VICTORIA PARK AVE STE700 TORONTO, ON M2J 5A9	Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	1XKDD40X0EJ967935	2014	KENWORTH T800	MV - Motor Vehicle	Current
2	1XKDD40X2EJ967936	2014	KENWORTH T800	MV - Motor Vehicle	Current

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	TWO (2) KENWORTH TRUCKS TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Current



Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

Registration Number: 14062642840

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Jun-26

Registration Status: Current

Expiry Date: 2019-Jun-26 23:59:59

Exact Match on: Debtor No: 2

**Amendments to Registration**

15082416992

Amendment

2015-Aug-24

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6706-46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Block**

**Status**

2 GALLOWAY CONSTRUCTION GROUP LTD.  
BOX 7, SITE 1, RR 4  
PONOKA, AB T4J 1R4

Current by  
15082416992

**Secured Party / Parties**

**Block**

**Status**

1 CATERPILLAR FINANCIAL SERVICES LIMITED  
3457 SUPERIOR COURT, UNIT 2  
OAKVILLE, ON L6L 0C4  
Phone #: 905 849 3003 Fax #: 905 849 1023

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	CAT0299DEJST00660	2014	CATERPILLAR 299DXHP	MV - Motor Vehicle	Current

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	ONE NEW 2014 CATERPILLAR 299DXHP COMPACT TRACK LOADER SERIAL NUMBER CAT0299DEJST00660.	Current

**Search ID #: Z11440725**

- 2      ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVEMENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL.  
PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.
- Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 14081822757

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Aug-18

Registration Status: Current

Expiry Date: 2024-Aug-18 23:59:59

---

Exact Match on:

Debtor

No: 2

---

**Amendments to Registration**

15040733970

Amendment

2015-Apr-07

17121910075

Amendment

2017-Dec-19

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707 46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Block**

**Status**

2 GALLOWAY CONSTRUCTION GROUP LTD.  
6707 - 46 AVENUE  
PONOKA, AB T4J 1J8

Current by  
15040733970

**Secured Party / Parties**

**Block**

**Status**

1 ROYNAT INC.  
3900 SCOTIA CENTRE, 700-2 STREET SW  
CALGARY, AB T2P 2W2

Deleted by  
17121910075

**Block**

**Status**

2 ROYNAT INC.  
BROOKFIELD PLACE, STE 1700, 225 6 AVE SW  
CALGARY, AB T2P 1N2

Current by  
17121910075

Search ID #: Z11440725

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	All present and after acquired personal property of the Debtor	Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 14081822876

Registration Type: LAND CHARGE

Registration Date: 2014-Aug-18

Registration Status: Current

Registration Term: Infinity

---

Exact Match on:

Debtor

No: 2

---

**Amendments to Registration**

15040734138

Amendment

2015-Apr-07

18020109564

Amendment

2018-Feb-01

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707 46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Block**

**Status**

2 GALLOWAY CONSTRUCTION GROUP LTD.  
6707 - 46 AVENUE  
PONOKA, AB T4J 1J8

Current by  
15040734138

---

**Secured Party / Parties**

**Block**

**Status**

1 ROYNAT INC.  
3900 SCOTIA CENTRE, 700-2 STREET SW  
CALGARY, AB T2P 2W2

Deleted by  
18020109564

**Block**

**Status**

2 ROYNAT CAPTIAL INC.  
BROOKFIELD PLACE, STE 1700, 225 6 AVE SW  
CALGARY, AB T2P 1N2

Current by  
18020109564

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 14082015917

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Aug-20

Registration Status: Current

Expiry Date: 2019-Aug-20 23:59:59

---

Exact Match on:

Debtor

No: 2

---

**Amendments to Registration**

15082417212

Amendment

2015-Aug-24

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY OILFIELD CONSTRUCTION LTD.  
6707-46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Block**

**Status**

2 GALLOWAY CONSTRUCTION GROUP LTD.  
BOX 7, SITE 1, RR 4  
PONOKA, AB T4J 1R4

Current by  
15082417212

---

**Secured Party / Parties**

**Block**

**Status**

1 CATERPILLAR FINANCIAL SERVICES LIMITED  
3457 SUPERIOR COURT, UNIT 2  
OAKVILLE, ON L6L 0C4  
Phone #: 905 849 3003 Fax #: 905 849 1023

Current

---

**Collateral: Serial Number Goods**

**Block**

**Serial Number**

**Year**

**Make and Model**

**Category**

**Status**

1 CAT0299DPJST00789 2014 CATERPILLAR 299D

MV - Motor Vehicle

Current

Search ID #: Z11440725

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	2014 CATERPILLAR 299D COMPACT TRACK LOADER SERIAL NUMBER CAT0299DPJST00789 TOGETHER WITH GENERAL PURPOSE BUCKET AND TALET GRAPPLE SERIAL NUMBER 25111084.	Current
2	ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE ABOVE MENTIONED COLLATERAL AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH SUCH COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR ANY PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO SUCH COLLATERAL OR PROCEEDS OF SUCH COLLATERAL. PROCEEDS: GOODS, SECURITIES, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 17032716073

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Mar-27

Registration Status: Current

Expiry Date: 2022-Mar-27 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY CONSTRUCTION GROUP LTD.  
6610 46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Secured Party / Parties**

**Block**

**Status**

1 W. PIDHIRNEY HOLDINGS LTD.  
P.O. BOX 61  
LESLIEVILLE, AB T0M 1H0

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current



Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 17032716095

Registration Type: LAND CHARGE

Registration Date: 2017-Mar-27

Registration Status: Current

Registration Term: Infinity

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY CONSTRUCTION GROUP LTD.  
6610 46 AVENUE  
PONOKA, AB T4J 1J8

Current

**Secured Party / Parties**

**Block**

**Status**

1 W. PIDHIRNEY HOLDINGS LTD.  
P.O. BOX 61  
LESLIEVILLE, AB T0M 1H0

Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

---

Registration Number: 17072015144

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Jul-20

Registration Status: Current

Expiry Date: 2027-Jul-20 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY CONSTRUCTION GROUP LTD.  
BOX 7, SITE 1 RR#4  
PONOKA, AB, AB T4J1R4

Current

**Secured Party / Parties**

**Block**

**Status**

1 TRISURA GUARANTEE INSURANCE COMPANY  
333 BAY STREET SUITE 1610  
TORONTO, ON M5H2R2

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 INVENTORY  
EQUIPMENT  
ACCOUNTS  
OTHER  
MOTOR VEHICLE INCLUDED

Current

Search ID #: Z11440725

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	<p>ALL OF THE RIGHT, TITLE AND THE DEBTORS INTEREST IN AND TO:</p> <ol style="list-style-type: none"><li>1. CONTRACTS AND SUBCONTRACTS ENTERED INTO BY (NAME(S) ON GSA), (NAME(S) ON GSA),(NAME(S) ON GSA), AND EACH OF THEM, INCLUDING, WITHOUT LIMITATION, THOSE IN CONNECTION WITH WHICH THE SECURED PARTY HAS ISSUED A CONTRACT OF SURETYSHIP, GUARANTEE OR INDEMNITY (THE CONTRACTS);</li><li>2. GOODS, MACHINERY, EQUIPMENT, PLANT, TOOLS, SUPPLIES, INVENTORY AND MATERIALS OF EVERY NATURE AND DESCRIPTION; AND</li><li>3. GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND INTANGIBLES IN SO FAR AS THEY ARE DUE UNDER, MAY BE DUE UNDER, MAY BECOME DUE UNDER, ARE AWARDED OR ALLOWED IN CONNECTION WITH, RELATE TO, ARE USED FOR, OR ARE USEFUL (OR MAY BECOME USEFUL) FOR THE PERFORMANCE OR COMPLETION OF, THE CONTRACTS AND WORK DONE THEREUNDER, OR WHICH ARE LOCATED IN, ABOUT, OR ON THE SITE OF WORK CONTEMPLATED BY THE CONTRACTS, OR WHICH HAVE BEEN PURCHASED FOR OR ARE CHARGEABLE IN CONNECTION WITH THE CONTRACTS.</li></ol>	Current

Search ID #: Z11440725

**Business Debtor Search For:**

GALLOWAY CONSTRUCTION GROUP LTD.

Search ID #: Z11440725

Date of Search: 2019-May-01

Time of Search: 12:11:52

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Registration Number: 19031231767

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Mar-12

Registration Status: Current

Expiry Date: 2022-Mar-12 23:59:59

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Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 GALLOWAY CONSTRUCTION GROUP LTD  
431029 RANGE ROAD 261  
PONOKA COUNTY, AB T4J1J8

Current

**Secured Party / Parties**

**Block**

**Status**

1 SUMMIT TRUCK EQUIPMENT (CANADA) LTD  
7575 EDGAR INDUSTRIAL DRIVE  
RED DEER, AB T4P3R2

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	2NP3LJ9X0KM275201	2019	PETERBILT 340	MV - Motor Vehicle	Current
2	2NP3LJ9X6KM275204	2019	PETERBILT 340	MV - Motor Vehicle	Current

**Collateral: General**

**Block**

**Description**

**Status**

1 ALSO BODY OF UNIT OF VIN 2NP3LJ9X0KM275201 IS SERIAL NUMBER 67892  
ALSO BODY OF UNIT OF VIN 2NP3LJ9X6KM275204 IS SERIAL NUMBER 67907  
OWES SUMMIT TRUCK EQUIPMENT CANADA LTD \$1000.00 WILL TAKE LIEN OFF  
ONCE PAID.

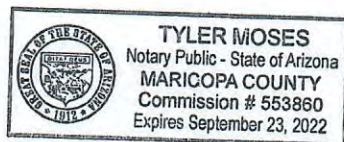
Current

Result Complete

THIS IS **EXHIBIT "6"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.



PROVINCE OF ALBERTA

MORTGAGE

WHEREAS:

A. **GALLOWAY CONSTRUCTION GROUP LTD.** (hereinafter called the "**Mortgagor**"), is the registered owner of an estate in fee simple, in possession, subject, however, to registered encumbrances, liens and interests, if any, in those lands situate in the Province of Alberta, legally described as:

- (i) PLAN 0722791  
BLOCK 1  
LOT 8  
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (ii) PLAN 9924333  
LOT 3  
CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:

	HECTARES (ACRES) MORE OR LESS
A) PLAN 0020544 SUBDIVISION	0.416            1.03

EXCEPTING THEREOUT ALL MINES AND MINERALS
- (iii) PLAN 1521209  
BLOCK 2  
LOT 1  
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (iv) PLAN 1521209  
BLOCK 2  
LOT 3  
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (v) PLAN 1521209  
BLOCK 2  
LOT 5  
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (vi) PLAN 1521209  
BLOCK 3  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS

(vii) PLAN 1521209  
BLOCK 3  
LOT 4  
EXCEPTING THEREOUT ALL MINES AND MINERALS

B. The Mortgagor is, or will be, indebted to W. Pidhirney Holdings Ltd. (the "**Mortgagee**") and has agreed to grant security in the amounts provided for by this instrument as general and continuing collateral security for the payment and fulfilment of all indebtedness, liabilities and obligations of any kind of the Mortgagor to the Mortgagee whether present or future, direct or indirect, absolute or contingent, matured or not, and whether arising within or outside Canada, and whether incurred by or arising from any agreement or dealing between the Mortgagee and the Mortgagor, or by or from any agreement or dealing with any third party by which the Mortgagee may be or become in any event whatsoever a creditor of the Mortgagor, or however otherwise incurred or arising, and whether the Mortgagor be bound alone or with another or others, and whether as principal, guarantor or surety (hereinafter collectively called the "**Liabilities**").

**NOW THEREFORE IN CONSIDERATION OF** the provision of loans giving rise to the Liabilities, the premises herein and other valuable consideration, the receipt and sufficiency of which is acknowledged, the Mortgagor hereby covenants with the Mortgagee, located at P.O. Box 61, Leslieville, AB T0M 1H0 as follows:

1. The Mortgagor will pay to the Mortgagee **ON DEMAND** the principal amount of **ELEVEN MILLION DOLLARS (\$11,000,000)** plus interest thereon at a rate equal to sixteen (16%) percent per annum, calculated on the outstanding daily balance thereof or on so much thereof as remains from time to time unpaid, and until demand, payable monthly not in advance, before and after maturity, default and judgment, with interest on overdue interest at the rate and calculated as aforesaid (the said principal amount, interest and other amounts charged to the Mortgagor hereunder being sometimes hereinafter called the "**amount secured hereby**") and hereby encumbers, mortgages and charges the said lands and each and every building and improvement on the said lands which now or hereafter may be erected thereon (hereinafter called the "**premises**") with payment of the aforesaid amounts (the said lands and the premises being hereinafter sometimes called the "**mortgaged premises**").
2. These presents are given and taken as general and continuing collateral security for the payment and performance of the Liabilities by the Mortgagor.
3. Neither the granting of this mortgage nor any proceeding taken hereunder or with respect hereto or under any securities or evidences of securities taken by the Mortgagee, nor any judgment obtained in such proceedings, shall operate as a merger of the Liabilities or of any simple contract debt or in any way suspend payment of, affect or prejudice the rights, remedies or powers, legal or equitable, which the Mortgagee may hold in connection with the Liabilities and any securities which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future bill, promissory note, obligation or security evidencing the Liabilities or a part thereof, or be deemed a payment or satisfaction of the Liabilities or any part thereof or merger therein and any right

reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

4. The Mortgagor further covenants with the Mortgagee that the Mortgagor:
  - (a) has a good title to the said lands and premises;
  - (b) has the right to mortgage the said lands and premises and that on default the Mortgagee shall have quiet possession of the said lands and premises free from all encumbrances;
  - (c) will execute such further assurances of the said lands and premises as may be requisite; and
  - (d) has done no act to encumber the said lands and premises.
  
5. The Mortgagor further covenants with the Mortgagee that:
  - (a) the Mortgagor will pay when and as the same fall due all realty taxes, rates, levies, assessments, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged premises or on this mortgage or on the Mortgagee in respect of this mortgage. Further, the Mortgagor shall provide to the Mortgagee receipts evidencing payment of the realty taxes within thirty (30) days of their applicable due dates;
  - (b) for the better securing to the Mortgagee the payment of the amount secured hereby, including the Liabilities, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all agreements which affect the mortgaged premises whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits and advantages to be derived therefrom; provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee responsible for the collection of rent, or of any part thereof, or any income or revenue whatsoever of and from the mortgaged premises, or for the performance or observance of any provision of such agreements;
  - (c) the Mortgagor will not remove any fixtures of any kind from the mortgaged premises, and will keep the premises and all fixtures, gates, fences and drains for the time being subject to this mortgage in good and substantial repair, and will at all times make such repairs, and if incomplete, will complete as may be required by the Mortgagee in writing; and will not without the consent in writing of the Mortgagee, commit or permit any kind of waste on the mortgaged premises;
  - (d) the Mortgagor will not, without the consent of the Mortgagee in writing, erect or permit to be erected on the mortgaged premises any improvement, or enter into any contract that may cause the mortgaged premises to be encumbered by a lien



for work done, labour provided, services performed or material supplied and will keep the mortgaged premises free from same;

- (e) the Mortgagee or agent of the Mortgagee may, at any time, enter upon the mortgaged premises to inspect the mortgaged premises, and the reasonable costs of such inspection shall be added to the debt secured by this mortgage; and
  - (f) the Mortgagor will at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal, or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the mortgaged premises or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the mortgaged premises structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.
6. In the event of non-payment when due of the Liabilities, or upon breach of or default under any provision of any agreement evidencing or relating to the Liabilities, or upon breach of or default in any provision hereof, including any representations or warranties contained herein:
- (a) the amount secured hereby shall immediately become due and payable at the option of the Mortgagee unless such non-payment, breach or default is waived or postponed by the Mortgagee in writing;
  - (b) the Mortgagee may on giving the minimum notice, if any, according to applicable law, enter on and lease or sell the mortgaged premises; and the Mortgagee may collect the rents and profits and lease or sell as aforesaid without entering into possession of the mortgaged premises; and the Mortgagee is hereby irrevocably appointed the attorney of the Mortgagor for the purpose of making such lease or sale, and for recovering all rents and sums of money that may become or are due or owing to the Mortgagor in respect of the mortgaged premises, and for enforcing all agreements binding on any lessee or occupier of the mortgaged premises or on any other person in respect of it, and for taking and maintaining possession of the mortgaged premises, and for protecting it from waste, damage or trespass, and for executing all instruments, deeds and documents pertaining thereto, and for doing all acts, matters and things that may be necessary for carrying out the powers hereby given; and any such sale may be either for cash or on credit, or part cash and part credit, and by private sale or public auction, and at such sale the whole or any part of the mortgaged premises may be sold; and the

Mortgagee may vary or rescind any contract of sale made by virtue of these presents, and may buy in and resell the mortgaged premises or any part thereof, without being responsible for any loss or deficiency on resale or expense occasioned thereby, and may sell on such terms as to credit or otherwise as to it shall seem appropriate, and for such prices as can reasonably be obtained therefor, and may make any stipulation as to title or evidence or commencement of title or otherwise as it may deem proper, and no purchaser or lessee under such power shall be bound to inquire into the legality or regularity of any sale or lease under the said power, or to see to the application of the proceeds thereof, nor shall any omission, irregularity or want of notice invalidate or in any way affect the legality of any such sale or lease; and out of the money arising from such sale or lease the Mortgagee shall be entitled to retain an amount equal to the amount secured hereby together with all expenses incurred in or about taking, recovering or keeping possession of the mortgaged premises, selling or leasing the same or otherwise by reason of any default of the Mortgagor hereunder, including solicitors' fees and disbursements as between solicitor and client; and any balance of monies remaining after the satisfaction of all claims of the Mortgagee, as hereinbefore provided, shall be paid to the Mortgagor but the Mortgagee shall in no event be liable to pay to the Mortgagor any monies except those actually received by the Mortgagee;

- (c) the Mortgagee may distrain for arrears of the amount secured hereby and as part of the consideration for any advance or creation of the Liabilities the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress all rights to exemptions from seizure and distress under any statute of the Province of Alberta;
- (d) the Mortgagee may appoint a receiver of the mortgaged premises and of the income of the mortgaged premises, or any part thereof, and every such receiver shall be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the receiver's acts or defaults; and such receiver shall have power to demand, recover and receive all the income of the mortgaged premises, by action, distress or otherwise, either in the name of the Mortgagor or of the Mortgagee, and to give effectual receipts for the same; and the receiver may lease the mortgaged premises and execute contracts in the name of the Mortgagor; provided that such receiver may be removed and a new receiver appointed from time to time by the Mortgagee, by writing under the hand of any authorized agent or solicitor; and it is further agreed that such receiver shall be entitled to retain out of the monies received by it a commission of five percent (5%) of the gross receipts, or such higher rate as any judge of any Court having jurisdiction may allow upon application by it for that purpose, and also its disbursements in the collection of such income, and thereafter shall apply all monies received by it as such receiver as follows: namely, in discharge of all taxes, rates and accounts payable whatsoever affecting the mortgaged premises and all annual sums or other payments and interest thereon, if any, having priority to this mortgage; in payment of the premiums on insurance payable under this mortgage; in payment of the cost

of all necessary or proper repairs to the mortgaged premises; and the balance, if any, thereafter upon the amount secured hereby; and

- (e) the Mortgagee, at its option, may by and on behalf of the Mortgagor and at the sole cost and expense of the Mortgagor, and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed, any provision with respect to which default has occurred and for such purpose make such payments as are contemplated herein, and all monies expended by the Mortgagee for any such purpose shall be payable on demand by the Mortgagor to the Mortgagee, and if not demanded or if not paid forthwith on demand, shall bear interest at the same rate and calculated as hereinbefore set out, until paid, and shall be a charge upon the mortgaged premises; provided however that nothing herein contained shall be deemed to hold the Mortgagee responsible for and the Mortgagee shall not be responsible for any loss arising out of its or its agents' or employees' observance or performance of any such provision.
7. The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any other co-covenantor, guarantor or surety, in respect of the Liabilities or any part thereof give an extension of time, take the covenant of any purchaser of the equity of redemption of the mortgaged premises or any part thereof, or any security whatsoever from them or from any other person, for the assumption and payment of the whole or any part of the Liabilities or for the due performance of any of the provisions hereof and any such action on the part of the Mortgagee shall not release the Mortgagor or any co-covenantor, guarantor or surety from payment of the amount secured hereby or any part thereof or the performance of the said provisions or any of them; and the Mortgagee may also, in its discretion, compound with or release the Mortgagor or anyone claiming under it, or any other person liable for payment of the amount secured hereby, or surrender, release or abandon or omit to perfect or enforce any securities, remedies or proceedings which the Mortgagee may now or hereafter hold, take or acquire, and may pay all monies received from the Mortgagor or others, or from securities upon such part of the Liabilities as the Mortgagee may think best without prejudice to or in any way limiting or lessening the liability of the mortgaged premises or of any surety or obligor or any other person liable for payment of the amount secured hereby; and the Mortgagee shall incur no liability to any person by reason of anything aforesaid; any provision or liability aforesaid shall continue in full force as long as any of the Liabilities remain unpaid, but the Mortgagee shall not be bound to exhaust its recourse or remedies against the mortgaged premises or the Mortgagor or other parties or the securities it may hold before being entitled to payment from any co-covenantor, guarantor or surety of the Liabilities.
8. The Mortgagee may, in its discretion and with or without the consent of the Mortgagor or any other co-covenantor, guarantor or surety, release any part of the mortgaged premises or any other security for the Liabilities either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by it and without thereby releasing any other part of the mortgaged premises, or any provision hereof, including any covenants or agreements on the part of any co-covenantor, guarantor or surety for the payment of the amount secured hereby and the performance of the provisions hereof.

9. The Mortgagor represents and warrants that it has paid all taxes, interest and penalties payable by it under the provisions of federal, provincial and municipal statutes or by-laws relating thereto, and which may create a charge or lien upon the mortgaged premises.
10. With respect to any and all existing encumbrances, the Mortgagor shall not allow any default in any provisions thereof, such default to constitute default herein, and the Mortgagee may advance monies under the security hereof in payment of any prior or subsequent claim, charge or encumbrance against the mortgaged premises, and in which event, the Mortgagee may, at its option, be subrogated to and entitled to all the rights of and stand in the position of the person entitled to such claim, charge or encumbrance, and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage and of any claim so paid off shall be final and binding upon the Mortgagor.
11. The Mortgagor shall not be entitled to a full discharge of this mortgage unless and until the amount hereby secured and the Liabilities have been paid in full, the Mortgagor has no further obligations in respect of any Liabilities and the Mortgagor has kept and performed all of the provisions hereof, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or likewise; and the Mortgagee shall have a reasonable time after payment in full of the amount secured hereby and the Liabilities within which to prepare or have prepared an executed discharge of this mortgage, and the interest aforesaid shall continue to run and accrue until all amounts secured hereby and the Liabilities have been paid and actual payment in full has been received by the Mortgagee and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.
12. The Mortgagee shall not be deemed a mortgagee in possession by reason of the granting of this mortgage or the exercise by the Mortgagee of any of the rights or remedies herein granted or reserved and shall not be accountable for any monies except those actually received.
13. All fees, charges, costs (including solicitors' costs as between solicitor and client) or expenses levied or charged by any solicitors or inspectors retained by or on behalf of the Mortgagee for the preparation, taking, registration, maintenance, protection or enforcement of this mortgage and any other securities which may be taken by the Mortgagee in connection herewith, together with the costs of any abortive sale and of taking, recovering and keeping possession of the mortgaged premises, the costs of inspecting or managing the same and generally any costs in any other proceeding, matter or thing taken or done in connection with or to protect or realize upon this mortgage or any other security taken in connection herewith, or to perfect the title of the mortgaged premises, or relating to expropriation of part or all of the mortgaged premises, shall be payable by the Mortgagor to the Mortgagee on demand, and if not demanded or if not paid forthwith on demand, shall bear interest at the same rate and calculated as hereinbefore set out, until paid, and shall be a charge upon the mortgaged premises.
14. That for the purpose of better securing the punctual payment of all monies secured by this mortgage, the Mortgagor does hereby attorn and become tenant at will of the mortgaged

premises at a monthly rental equivalent to the monthly instalments of interest upon principal monies to be paid by the Mortgagor to the Mortgagee, together with any sums paid by the Mortgagee for taxes, insurance or other costs as secured hereunder, the same to be paid on the same day that interest instalments are paid, and in the event of any default being made in any of the covenants, agreements, provisos or stipulations included or incorporated herein, it does hereby grant to the Mortgagee the 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 mortgaged premises, as much of the principal sum and interest and other monies secured hereunder as shall from time to time be in arrears or unpaid, together with all costs, charges and expenses attending such levy or distress, as in like case of distress for rent, and as part of the consideration for the advance of the above named sum by the Mortgagee, the Mortgagor agrees to waive and does hereby waive, on the exercise of such right and license, all rights to exemptions from seizure and distress under the *Civil Enforcement Act* of the Province of Alberta, PROVIDED HOWEVER, and it is hereby agreed that neither the existence of this clause nor anything done by virtue thereof shall render the Mortgagee a mortgagee in possession so as to be accountable for any monies except those actually received. And in case of the Mortgagor's default in the observance or performance of the terms and conditions included or incorporated herein, the Mortgagee may enter upon the said lands and terminate such tenancy without notice; provided that until such default, the Mortgagor shall have quiet possession of the said lands.

15. The Mortgagor agrees with the Mortgagee that, if the Mortgagor defaults in the payment of any amount due under any charge or encumbrance having priority over this mortgage or defaults in the observance or performance of any provisions thereof, the amount secured hereby shall, at the option of the Mortgagee, forthwith become due and payable and the Mortgagee may exercise all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this mortgage.
16. That in the event of the Mortgagor further encumbering the said lands in order to secure financing subsequent in priority to the loan secured by this mortgage, without the prior written consent of the Mortgagee, the amount secured hereby shall, at the option of the Mortgagee, forthwith become due and payable and the Mortgagee may exercise all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this mortgage.
17. Neither the execution nor registration of this mortgage nor the advancing or creation of any part of the Liabilities shall bind the Mortgagee to advance or create any further Liabilities; and notwithstanding anything herein contained, all payments to be made on or by virtue of this mortgage shall be made in lawful money of Canada to the Mortgagee at its office specified herein, or at such other place as the Mortgagee may, from time to time, in writing designate.
18. In the event interest chargeable or payable on principal or interest or on arrears of principal or interest as provided for in this mortgage is in excess of that permitted by the *Interest Act* (Canada) or any other applicable law, then in such event, interest payable and

chargeable on such principal or interest or on arrears of principal or interest under this mortgage shall be chargeable and payable at the highest lawful rate permitted by the *Interest Act* (Canada) or such other applicable law and no other interest on principal or interest or on arrears of principal or interest shall be chargeable or payable hereunder.

19. This mortgage is and shall be a continuing security to the Mortgagee for the repayment of all present and future amounts owing in respect of the amount secured hereby, including the Liabilities. Any principal may be advanced by the Mortgagee in one or more sums at any future date or dates and the amount of such advances when so made shall be secured by this mortgage and this mortgage shall be deemed to be taken as security for the ultimate balance of the Liabilities. This mortgage shall be void only when the Liabilities have been repaid in full and the Mortgagee gives written notice to the Mortgagor that there has been performance of all covenants, provisos and conditions herein contained.
20. The Mortgagor further represents and warrants that the mortgaged premises are free of any flammable explosives, radioactive materials, poly-chlorinated pollutants, contaminants or hazardous or toxic wastes or substances of any kind (hereinafter collectively called the "**Hazardous Materials**"). The Mortgagor further represents and warrants that the mortgaged premises are not currently used in a manner, and, to the Mortgagor's knowledge, no prior use has occurred, which is contrary to any laws, regulations, orders or lawful requirements of any governmental authorities with respect to any of the Hazardous Materials.

The Mortgagor shall indemnify and save harmless the Mortgagee from any and all liability, damages, costs and expenses whatsoever (including without limitation, legal costs on a solicitor and own client basis and the costs of removal, storage and disposal of any Hazardous Materials and remediation of the mortgaged premises) suffered or incurred by the Mortgagee as a result of the existence of any Hazardous Materials on the mortgaged premises, now or in the future, whether known or unknown, any breach of the warranties and representations with respect to Hazardous Materials contained herein, any orders or lawful requirements with respect to Hazardous Materials, and any breach of any laws, regulations, orders or lawful requirements of any governmental authorities.

The representations, warranties and indemnity with respect to Hazardous Materials as contained above will not merge in this mortgage or any security collateral hereto and will continue to be in full force and effect at all times hereafter. The Mortgagee, at its sole discretion acting reasonably, may require that an independent professional certification be obtained at the sole cost of the Mortgagor to confirm the absence of Hazardous Materials on or in the mortgaged premises. Notwithstanding any other provision hereof, the Mortgagee shall have no obligation to make any advances hereunder or to continue to make advances hereunder unless the Mortgagee is satisfied concerning the absence of Hazardous Materials on the mortgaged premises.

21. The Mortgagor represents and warrants to the Mortgagee that as at the date hereof it is the sole legal and beneficial owner of the said lands.

22. The words used herein which import the singular number and neuter shall be read and construed as plural and feminine or masculine, as the case may be, and shall apply to the party's heirs, executors, administrators, successors or assigns, as applicable, and in case of more than one Mortgagor, the terms and conditions hereof shall be construed and held to be several as well as joint.
23. If any provision of this mortgage or the application thereof to any person is to any extent held invalid or unenforceable, the remainder of this mortgage or the application of such provision to persons other than those with respect to which it is held invalid or unenforceable shall not be affected thereby and shall continue to be enforceable to the fullest extent permitted by law.
24. That for better securing to the Mortgagee the repayment in the manner aforesaid of the amount secured hereby, the Mortgagor hereby mortgages to the Mortgagee all of the Mortgagor's estate and interest in the mortgaged premises.
25. **IT IS UNDERSTOOD AND INTENDED** that this mortgage is made with reference to and under *THE LAND TITLES ACT* of the Province of Alberta.

**IN WITNESS WHEREOF THIS MORTGAGE IS SIGNED, SEALED AND DELIVERED AS OF THIS 1ST DAY OF MAY, 2017.**

**GALLOWAY CONSTRUCTION GROUP LTD.**

Per:

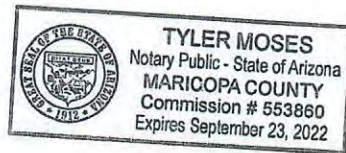
Wade Galloway



THIS IS **EXHIBIT "7"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.







Bennett Jones

**Bennett Jones LLP**

4500 Bankers Hall East, 855 2nd Street SW

Calgary, Alberta, T2P 4K7 Canada

T: 403.298.3100

F: 403.265.7219

**Ken T. Lenz, Q.C.**

Partner

Direct Line: 403.298.3317

e-mail: lenzk@bennettjones.com

Our File No.: 74127.2

May 2, 2019

**Via Email and Registered Mail**

Mr. Wade Galloway  
#202, 4921 – 49th Street  
Red Deer, AB T4N 1V2

Dear Mr. Galloway:

**Re: Demand on General Security Agreement and Mortgage**

We are counsel for W. Pidhirney Holdings Ltd. in relation to the General Security Agreement granted by Galloway Construction Group Ltd. ("**Galloway**") dated May 1, 2017 (the "**GSA**") and Mortgage dated May 1, 2017 (the "**Mortgage**"). The GSA and Mortgage are in default because Galloway has ceased carrying on business has ceased meeting its obligations regarding the related loans, and is in default of its credit agreement with Roynat Inc., and has disposed or intends to dispose of all or a substantial part of its assets.

We hereby demand immediate repayment in the total amount of \$5,380,581.40 plus interest accruing after April 30, 2019 at the rate of 16.0% per annum and costs on a solicitor/client basis. We enclose with this letter a Notice of Intent to Enforce Security and put you on notice that our client is entitled to take steps to appoint a receiver in accordance with that notice. If you are prepared to waive the balance of the 10-day notice period, I would ask you to acknowledge that fact by signing the document where indicated and returning it to our office. In any event, please acknowledge service, by return email at your early convenience.

I look forward to your reply.

Yours truly,

for: Ken T. Lenz

KTL:/dmk

Enclosure

cc: Wayne Pidhirney  
Alexis Teasdale

# NOTICE OF INTENTION TO ENFORCE SECURITY

*(Subsection 244(1))*

**To: GALLOWAY CONSTRUCTION GROUP LTD. (the "Debtor")**

TAKE NOTICE THAT:

1. W. PIDHIRNEY HOLDINGS LTD. intends to enforce its security on the property of the Debtor described below:

(a) All present and after acquired personal property; and

(b) lands described as:

(i) PLAN 0722791

BLOCK 1

LOT 8

EXCEPTING THEREOUT ALL MINES AND MINERALS

(ii) PLAN 9924333

LOT 3

CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS

EXCEPTING THEREOUT:

HECTARES (ACRES) MORE OR LESS

A) PLAN 0020544 SUBDIVISION 0.416 1.03

EXCEPTING THEREOUT ALL MINES AND MINERALS

(iii) PLAN 1521209

BLOCK 2

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

(iv) PLAN 1521209

BLOCK 2

LOT 3

EXCEPTING THEREOUT ALL MINES AND MINERALS

(v) PLAN 1521209

BLOCK 2

LOT 5

EXCEPTING THEREOUT ALL MINES AND MINERALS

(vi) PLAN 1521209

BLOCK 3

LOT 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

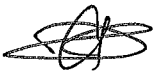
(viii) PLAN 1521209

BLOCK 3  
LOT 4  
EXCEPTING THEREOUT ALL MINES AND MINERALS

- 2. The security that is to be enforced is in the form of:
  - (a) General Security Agreement dated May 1, 2017; and
  - (b) Mortgage dated May 1, 2017.
 (collectively the "Security").
- 3. As at April 30, 2017, the total amount of indebtedness secured by the Security was \$5,380,581.40, plus interest and costs.
- 4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Calgary, Alberta this 2<sup>nd</sup> day of May, 2019.

**BENNETT JONES LLP (as agent for the Secured Party)**

Per:   
\_\_\_\_\_  
ALEXIS TEASDALE

The Debtor hereby consents to the immediate enforcement by the Secured Creditor of its security against the Debtor.

Dated at \_\_\_\_\_, \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

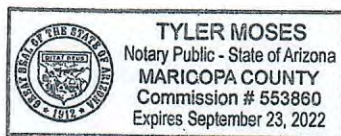
**GALLOWAY CONSTRUCTION  
GROUP LTD.**

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

THIS IS **EXHIBIT "8"** REFERRED TO IN THE  
AFFIDAVIT OF WAYNE PIDHIRNEY SWORN  
BEFORE ME THIS 7 DAY OF MAY, 2019.

*Tyler Moses*

A Notary Public in and for the State of Arizona,  
U.S.A.



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Dated at \_\_\_\_\_, \_\_\_\_\_ on the 2<sup>nd</sup> day of May, 2019.

**GALLOWAY CONSTRUCTION  
GROUP LTD.**

Per: WADE GALLOWAY 