



COURT FILE NUMBER           **2301-15147**

COURT                           **COURT OF KING'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE           **CALGARY****

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*  
*ACT*, RSC 1985, C B-3, as amended**

**AND IN THE MATTER OF THE RECEIVERSHIP OF 772921  
ALBERTA INC., SPRUCE IT UP LAND CORP. and RIDGE  
MEADOWS PROPERTIES LTD.**

DOCUMENT                   **SUPPLEMENT TO THE FIRST REPORT OF THE RECEIVER  
APRIL 16, 2024**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## 1.0 Introduction

1. This report (the “**Supplemental Report**”) supplements the First Report of the Receiver, dated April 8, 2024 (the “**First Report**”).
2. Defined terms in this Supplemental Report have the meaning provided to them in the First Report, unless otherwise defined herein. This Supplemental Report is subject to the scope and terms of reference in the First Report. A copy of the First Report is attached as **Appendix “A”**, without attachments.

### 1.1 Purpose of this Supplemental Report

1. The purpose of this Supplemental Report is to provide further information to the Court and to stakeholders about certain charges registered as against title to the SIU Property, which charges are intended to be vested off title pursuant to the SAVO.

## 2.0 The 772 Mortgage

1. The First Report set out details regarding the SIU Property APS and the SIU Transaction.
2. As discussed in the First Report, as at the date of the Receivership Order, CWB and CIBC had the following security interests with respect to the Receivership Companies:

a) CWB:

- i. first ranking mortgages on each of the Receivership Properties (the “**CWB Mortgages**”); and
- ii. a second ranking general security interest in all present and after acquired personal property relating to and located on the Receivership Properties; and

b) CIBC:

- i. a first ranking general security interest in all present and after acquired personal property of the Receivership Companies; and
- ii. second ranking mortgages on the Receivership Properties (the “**CIBC Mortgages**”).

3. In addition to the CWB Mortgages and CIBC Mortgages, there is also a mortgage on title to the SIU Property in favour of 772 (a Receivership Company) registered on December 6, 2005 (the “**772 Mortgage**”) in the principal amount of \$4,000,000 (the “**Principal Sum**”). A copy of the title to the SIU Property (the “**Title**”) is attached as **Appendix “B”**.
4. Based upon discussions between the Receiver and management of the Receivership Companies, the Receiver was advised that the purchase of the SIU Property by SIU (formerly 120428 Alberta Inc.) in 2005, and the subsequent construction of a building on the SIU Property, was financed by 772, and the 772 Mortgage was intended to secure that financing.
5. In support of that arrangement, the Receiver has been provided with a loan agreement dated August 17, 2009 (the “**772 Loan Agreement**”) between 772 and SIU, which provides for financing by way of a non-revolving demand loan facility in the amount of \$3,785,807.86 (the “**772 Loan**”). The stated purpose of the 772 Loan is to provide funding “solely for the purchase of furniture, fixtures, and yard equipment.” A copy of the 772 Loan Agreement is attached as **Appendix “C”**.
6. The Receiver has also reviewed the 772 Mortgage, dated November 25, 2005, which secures, among other things, the Principal Sum, together with interest on the Principal Sum remaining unpaid from time to time, both before and after default. A copy of the 772 Mortgage is attached as **Appendix “D”**.
7. The 772 Mortgage was subordinated pursuant to postponements with both CWB and CIBC registered on Title as instrument numbers 221 026 292 and 231 275 609, respectively.
8. As noted in the First Report, CWB and CIBC have been paid in full. As a result, the 772 Mortgage is now in first priority on the SIU Property.
9. As of October 27, 2023, which is the year end for each of 772 and SIU, pursuant to the 772 Loan Agreement and 772 Mortgage, 772 was owed \$4,050,597.14 from SIU, comprised of principal of \$3,223,845.98 and interest of \$826,751.16. Copies of the 772 and SIU trial balances for the year ending October 27, 2023 are collectively attached as **Appendix “E”**.
10. The Receiver has reviewed various books and records of SIU and 772 to ascertain that amounts were advanced to SIU by 772 pursuant to the 772 Loan Agreement and the 772 Mortgage. As the transaction at issue occurred in 2005, the Receiver has not been able to

verify the advances at issue from source documents, as management to the Receivership Companies has advised that they are no longer available. However, 772's books and records going back to 2009 evidence a net receivable payable from SIU in the amount of \$3,780,771.82 as of December 16, 2009. The amount outstanding pursuant to the Loan Agreement and Mortgage has also historically been recognized on the financial statements of 772 and SIU.

11. The Receiver is of the view that the books and records of 772 and SIU are sufficiently accurate and temporally align with the date of the Loan Agreement and the Mortgage to be reliable.
12. Notwithstanding the foregoing information regarding the 772 Mortgage, the Receiver is not seeking a distribution order at this time.
13. The SIU AVO seeks to vest the 772 Mortgage off title to the SIU Property.

### 3.0 The Rogers Caveat

1. Rogers Communications Inc. ("**Rogers**") has a caveat registered on Title as instrument number 101 354 558, with a registration date of December 7, 2010 (the "**Rogers Caveat**"). A copy of the Rogers Caveat is attached as **Appendix "F"**. The Rogers Caveat relates to a cellular tower located on the SIU Property.
2. The Receiver has been provided with copies of two leases with respect to the Rogers Caveat dated August 23, 2010 (the "**2010 Lease**") and September 8, 2016 (the "**2016 Lease**" and together with the 2010 Lease and each as amended, the "**Leases**").
3. The Leases contain confidentiality provisions that prevent the Receiver from attaching copies to this Supplemental Report. A summary of certain key terms of the Leases is set out in the below table:

Lease	Term of Lease	Size of Area
2010 Lease	November 29, 2010 – November 28, 2015	Minimum area of approximately 225 square meters, comprising a portion of the SIU Property
2016 Lease	November 29, 2015 – November 28, 2040	Minimum area of approximately 225 square meters, comprising a portion of the SIU Property

4. The Purchaser has advised the Receiver that it does not want the cellular site to indefinitely remain on the SIU Property, although it is open to discussions with Rogers to discuss alternate arrangements.
5. The Receiver's position is the Rogers Caveat is capable of being vested off title primarily because the 772 Mortgage is registered in priority to the Rogers Caveat and therefore the Rogers Caveat may be vested off title. Further, the Receiver is also of the view that the Leases are in substance licences, which do not represent an interest in land pursuant to the analysis in *Third Eye Capital Corporation v. Ressources Dianor Inc.*, 2018 ONCA 253.
6. Rogers has been served with the materials for this Application. The Receiver and its counsel have made efforts to introduce Rogers to the Purchaser to facilitate any discussions that may be necessary as between the parties. As of the date of this Supplemental Report, Rogers and the Purchaser have been in contact with each other. Should this matter be opposed, the Receiver will provide this Honourable Court with a copy of the Leases pursuant to a Confidential Supplement.

#### 4.0 Conclusion

1. This Receiver submits this Supplemental Report in support of the Receiver's application scheduled for April 18, 2024.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
in its capacity as receiver of 772921 Alberta Inc.,  
Spruce It Up Land Corp. and Ridge Meadows Properties Ltd.  
and not in its personal capacity**

# **APPENDIX A**

**[ATTACHED]**



COURT FILE NUMBER 2301- 15147

COURT COURT OF KING’S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDINGS IN THE MATTER OF THE RECEIVERSHIP OF 7716271  
ALBERTA INC., SPRUCE IT UP LAND CORP. 230115147  
MEADOWS PROPERTIES LTD.

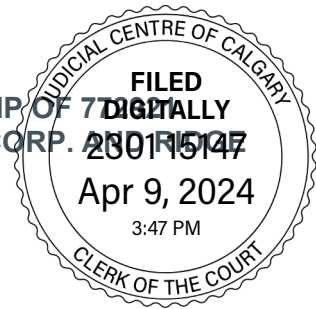
DOCUMENT FIRST REPORT OF THE RECEIVER  
APRIL 8, 2024

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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## 1.0 Introduction

1. Pursuant to an order of the Court of King's Bench of Alberta (the "**Court**") made on November 17, 2023 (the "**Receivership Order**"), in connection with proceedings initiated by Wallace & Carey Inc. ("**Wallace & Carey**"), Loudon Bros Limited ("**Loudon Bros**", and together with Wallace & Carey, the "**Logistics Companies**"), and Carey Management Inc. ("**CMI**", and together with the Logistics Companies, the "**CCAA Companies**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") (the "**CCAA Proceedings**"), KSV Restructuring Inc. ("**KSV**") was appointed receiver (the "**Receiver**") of all of the assets, undertakings, and properties of:
  - a) 772921 Alberta Ltd. ("**772**"), which:
    - i. owned two warehouses<sup>1</sup>, one in British Columbia and one in Alberta that continue to be used by Wallace & Carey in its business (the "**772 Owned Real Property**"); and
    - ii. leased two warehouses<sup>2</sup>, one in British Columbia and one in Alberta, that also continue to be used by Wallace & Carey in its business (the "**772 Leased Real Property**");
  - b) Spruce It Up Land Corp. ("**SIU**"), which owns a commercial property located at 159 210 Avenue SW, Calgary, Alberta<sup>3</sup> (the "**SIU Property**"); and
  - c) Ridge Meadows Properties Ltd. ("**Ridge Meadows**", and together with 772 and SIU, the "**Receivership Companies**"), which owns a residential property located at 255256 Range Road 25, NW, Calgary, Alberta<sup>4</sup> (the "**Ridge Meadows Property**" and together with the 772 Owned Property and the SIU Property, the "**Receivership Properties**").

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<sup>1</sup> The municipal addresses of these properties are 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary Alberta.

<sup>2</sup> Having municipal addresses of 8th Street NE, Calgary, Alberta, and Unit 5B, 4386 Boban Drive, Nanaimo, British Columbia.

<sup>3</sup> Legal Description: Plan 5235JK Block A Excepting Thereout All Mines and Minerals; Area: 8.4 Hectares (20.75 Acres) more or less.

<sup>4</sup> Legal Description: Plan 8031JK Block A Lot 5 Excepting Thereout All Mines and Minerals; Area: 7.85 Hectares (19.4 Acres) more or less.

2. Pursuant to paragraph 27 of the Receivership Order, the Receivership Order became effective on November 21, 2023, the date on which KSV, in its capacity as the monitor (the “**Monitor**”) in the CCAA Proceedings, filed the Monitor’s Notice (as defined in the Receivership Order) with the Court. A copy of the Receivership Order is attached as **Appendix “A”**.
3. In addition to the Receivership Order, the Court granted a sale approval and vesting order dated November 17, 2023 (the “**772 Approval and Vesting Order**”) that approved the sale and assignment to 7-Eleven Canada, Inc. (the “**7-Eleven**”) of the 772 Owned Real Property and the 772 Leased Real Property (the “**772 Property Transaction**”) pursuant to an agreement of purchase and sale between 7-Eleven and the Receiver dated November 7, 2023 (the “**772 Property APS**”).
4. The Monitor’s Sixth Report dated November 8, 2023 (the “**Monitor’s 6<sup>th</sup> Report**”) recommended that the Court approve a transaction between the CCAA Companies and 7-Eleven that resulted in the continuation of Wallace & Carey’s business (the “**7-Eleven Transaction**”). The Monitor’s 6<sup>th</sup> Report also provided information concerning the Receivership Companies, including:
  - a) their background;
  - b) their secured creditors;
  - c) the 772 Property Transaction and the 772 Property APS; and
  - d) the Receiver’s intention to market the Ridge Meadows Property and SIU Property by retaining a real estate broker.

A copy of the Monitor’s 6<sup>th</sup> Report is attached as **Appendix “B”**.

### **1.1 Purposes of this Report**

1. The purpose of this report (the “**Report**”) is to update the Court on the receivership proceedings and to provide information to the Court in support of the Receiver’s application for:
  - a) an approval and vesting order (the “**SIU AVO**”):
    - i. approving the agreement of purchase and sale dated March 14, 2024 (the “**SIU Property APS**”) between the Receiver and Spruce Lands Limited Partnership,

as assignee of Western Securities Limited (the “**Purchaser**”), and authorizing and directing the Receiver to complete the sale of the Purchased Assets (as defined in the SIU Property APS) contemplated therein (the “**SIU Property Transaction**”);

- ii. following the Receiver’s delivery of the Receiver’s certificate substantially in the form attached as Schedule “A” to the proposed SIU AVO, vesting SIU’s and the Receiver’s right, title, and interest in and to the Purchased Assets in the Purchaser free and clear of all claims and encumbrances; and

b) an order:

- i. sealing the Offer Summary (as defined below) and a confidential version of the SIU Property APS, attached as **Confidential Appendix “1”** and **“2”**, respectively, until the closing of the SIU Property Transaction or further order of the Court;
- ii. approving this Report and the Receiver’s activities as set out herein; and
- iii. approving the fees and disbursements of the Receiver and its legal counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), as detailed herein.

## 1.2 Scope and Terms of Reference

1. In preparing this Report, the Receiver has relied upon the Companies’ unaudited financial information, books and records, information available in the public domain and discussions with management of CMI and Wallace & Carey.
2. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. Capitalized terms not defined within this Report are defined in the Receivership Order and the Monitor’s 6<sup>th</sup> Report.

### 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

### 1.4 Court Materials

1. Court materials filed in these proceedings are available on the Receiver's website at: [www.ksvadvisory.com/experience/case/wallace-and-carey](http://www.ksvadvisory.com/experience/case/wallace-and-carey) (the "Case Website").

## 2.0 Background

1. The Companies are Alberta Corporations. CMI holds the following ownership interests in the Companies:
  - a) 772 – 100%;
  - b) Ridge Meadows – 100%; and
  - c) SIU – 84.57%. The balance of SIU's equity is owned by 1145757 Alberta Ltd., which the Receiver understands is owned by Patrick Carey, the Chief Executive Officer of CMI and sole director of the CCAA Companies.
2. The Ridge Meadows Property and SIU Property are currently occupied by the following tenants:
  - a) **Ridge Meadows Property** – two arm's length tenants (the "**Ridge Meadows Tenants**") pursuant to a lease dated November 15, 2023 (the "**Ridge Meadows Lease**") between Ridge Meadows and the Ridge Meadows Tenants. KSV learned immediately following its appointment that Ridge Meadows (through, CMI) had recently leased the Ridge Meadows Property. The Ridge Meadows Tenants have advised the Receiver that they intend to vacate the Ridge Meadows Property in the next few weeks; and
  - b) **SIU Property** – Spruce It Up Garden Centre Inc. (the "**SIU Tenant**"), pursuant to a lease dated January 1, 2016 (the "**SIU Lease**") between SIU and the SIU Tenant. CMI has a 22.50% ownership interest in the SIU Tenant.

3. As at the date of the Receivership Order, Canadian Western Bank (“**CWB**”) and Canadian Imperial Bank of Commerce (“**CIBC**”) had the following security interests with respect to the Receivership Companies:
  - a) **CWB**:
    - i. first ranking mortgages on each of the Receivership Properties; and
    - ii. a second ranking general security interest in all present and after acquired personal property relating to and located on the Receivership Properties; and
  - b) **CIBC**:
    - i. a first ranking general security interest in all present and after acquired personal property of the Receivership Companies; and
    - ii. second ranking mortgages on the Receivership Properties.
4. As of the date of this Report:
  - a) all amounts owing to **CWB** have also been repaid through proceeds from the sale of the 772 Property Transaction; and
  - b) all amounts owing by the CCAA Companies to **CIBC** have been repaid from the 7-Eleven Transaction and the business and assets of the Logistics Companies.
5. None of the Receivership Companies has any employees or carries on active business operations.

### **3.0 Realtor Request for Proposal Process**

1. On November 21, 2023, the Receiver distributed a request for proposal (“**RFP**”) via email to three experienced listing brokerage firms (each a “**Prospective Broker**” and collectively the “**Prospective Brokers**”) to market the SIU Property and Ridge Meadows Property for sale. The RFP requested that each Prospective Broker submit a proposal by December 1, 2023 outlining, among other things, their experience selling real estate in the relevant market, their marketing plan with timelines, indications of value, and their proposed commission.

2. Two Prospective Brokers submitted proposals to the Receiver. The Receiver selected:
  - a) Cushman & Wakefield ULC (“**C&W**”) to market the SIU Property; and
  - b) Re/Max House of Real Estate (the “**Re/Max**”) to market the Ridge Meadows Property.
3. On December 13, 2023, the Receiver entered into an Exclusive Seller Representative Agreement with Re/Max. The Ridge Meadows Property is currently listed for \$3.5 million and remains available for sale.
4. On December 19, 2023, the Receiver entered into an Exclusive Seller Representative Agreement with C&W for the SIU Property (the “**SIU Listing Agreement**”), which contemplated that offers were to be submitted after a five and a half-week listing period (the “**SIU Property Sale Process**”).

## 4.0 SIU Property Sale Process

### 4.1 SIU Property Sale Process

1. C&W has provided the Receiver with a report concerning the SIU Property Sale Process, a copy of which is attached as **Appendix “C”**. A summary of the SIU Property Sale Process is as follows:
  - a) C&W carried out an email marketing campaign, which was sent to approximately 1,490 parties;
  - b) the Receiver prepared a non-disclosure agreement (an “**NDA**”). To participate in the SIU Property Sale Process, prospective purchasers were required to sign the NDA, following which they were provided access to a virtual data room (the “**Data Room**”) which it populated with the assistance of C&W;
  - c) C&W prepared a confidential information memorandum, which was prepared with the assistance of the Receiver, and distributed it to interested parties who had executed an NDA;
  - d) C&W also directly contacted parties that it believed would have a high degree of interest in the SIU Property;
  - e) interested parties were provided the opportunity to tour the SIU Property and to perform due diligence; and

- f) interested parties were required to submit binding offers (an “**Offer**”) by 5:00 p.m. (Calgary Time) on February 29, 2024 (the “**Offer Deadline**”).
2. 26 parties executed an NDA and were granted access to the Data Room resulting in the receipt of five offers by the Offer Deadline. In consultation with C&W, the Receiver determined that the Offer received from the Purchaser was the best available in the circumstances, based on its value, conditions, and timeline to close a transaction. A summary of each of the Offers received (the “**Offer Summary**”) is attached as **Confidential Appendix “1”**. The rationale for sealing the information in the Confidential Appendix is provided below.

#### 4.2 SIU Property APS<sup>5</sup>

1. The following provides a summary of the SIU Property APS. A copy of the SIU Property APS, with the financial terms redacted, is attached as **Appendix “D”**. An unredacted copy of the SIU Property APS Agreement is attached as **Confidential Appendix “2”**.
- a) **Vendor:** the Receiver;
- b) **Purchaser:** Spruce Lands Limited Partnership, as assignee of Western Securities Limited;
- c) **Purchased Assets:** substantially all of SIU’s right, title, and interest in its property and assets including:
- i. the SIU Property;
  - ii. the SIU Lease;
  - iii. the Project Rights and Documents in the possession or subject to the control of the Receiver, but only to the extent transferable to the Purchaser or the Purchaser’s permitted assignees; and
  - iv. all of the building(s) and improvements erected on the SIU Property;

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<sup>5</sup> Capitalized terms in this section have the meaning provided to them in the SIU Property APS unless otherwise defined herein.



- d) **Excluded Assets:** all property and assets of SIU other than the Purchased Assets, and specifically:
    - i. all cash, cash equivalents, and accounts receivable of SIU, including any insurance refunds and GST refunds or other tax receivables; and
    - ii. the Excluded Contracts, described in Schedule E of the SIU Property APS;
  - e) **Excluded Liabilities:** all Liabilities, other than the assumed liabilities including, without limitation, any Encumbrances and any liability, obligation, or commitment associated with the Accounts Payable, Business, or any employees of SIU;
  - f) **Representation and Warranties:** consistent with the standard terms of an insolvency transaction, i.e. on an “as is, where is” basis with limited representations and warranties;
  - g) **Closing Date:** April 24, 2024;
  - h) **Termination:** the SIU Property APS Agreement can be terminated:
    - i. upon mutual written consent of the Vendor and the Purchaser (the “Parties”);
    - ii. if any conditions in favor of the Parties are not satisfied;
    - iii. if the SIU AVO is not issued by the Court on or before May 1, 2024, or such later date agreed to by the Parties;
    - iv. if closing has not taken place by the Closing Date, or such later date agreed to by the Parties;
    - v. automatically, should Closing have not occurred prior to the discharge of the Receiver, unless the Receiver’s interest in the SIU Property APS has been assigned prior to (or as part of) the Receiver’s discharge.
2. The Purchaser’s offer was conditional on a new lease with the SIU Tenant. The deadline for the Purchaser to waive its conditions was April 1, 2024. On April 1, 2024, the Purchaser provided a notice confirming that it was waiving its conditions and, accordingly, the transaction is now firm, subject to Court approval.

#### 4.3 Approval of the SIU Transaction

1. The Receiver respectfully recommends that the Court issue an order approving the SIU Property APS and directing the Receiver to complete the SIU Property Transaction for the following reasons:
  - a) the SIU Property has been marketed for sale by C&W, a national brokerage with experience in the Calgary market;
  - b) C&W is of the view that the purchase price is the highest available in the circumstances, that the SIU Property was marketed for a commercially reasonable amount of time and that further time marketing the SIU Property is unlikely to result in a superior transaction;
  - c) C&W used conventional methods to market the SIU Property for sale, including preparing a CIM email blasts, direct solicitation of most likely purchasers, and site visits;
  - d) the SIU Property Sale Process was carried out under the supervision of the Receiver and in consultation with the Receiver;
  - e) the Receiver concurs with C&W's view in 4.3.1(b) above;
  - f) the Purchaser's Offer is unconditional, other than Court approval; and
  - g) in the Receiver's view, continuing to market the SIU Property provides no certainty that a higher purchase price will be achieved. Continuing the SIU Property Sale Process will result in continued costs, including insurance, property taxes, and professional fees.

#### 4.4 Proposed Distribution of Transaction Proceeds

1. At this time, the Receiver is not seeking Court approval to distribute the proceeds from the SIU Property Transaction. The Receiver will make such a request at a future Court application. Based on SIU's books and records, as at the date of the Receivership Order, CMI, Wallace & Carey, and 772 were SIU's only creditors, with the exception of Canada Revenue Agency (the "**CRA**") for a nominal amount (less than \$3,000).

2. It is contemplated that the majority of the proceeds of sale, net of costs of realization, professional fees and taxes (if any), from the SIU Property will ultimately be made available to those Provinces and Territories that remain creditors of the CCAA Companies, as set out in greater detail in Section 6.0 of the Monitor's 6<sup>th</sup> Report.
3. The Receiver is considering whether there is any tax payable on the sale of the SIU Property, the most efficient manner in which to distribute the proceeds of the transaction from SIU to the CCAA Companies, and whether it will be necessary to run a claims process prior to making any distributions to the CCAA Companies.

#### **4.5 Sealing**

1. The Receiver recommends that **Confidential Appendices "1"** and **"2"** be filed with the Court on a confidential basis and remain sealed until the earlier of (i) the filing of Receiver's certificate(s); (ii) the discharge of the Receiver; or (iii) further Order of this Court, as the documents contain confidential information, including with respect to value. Making this information publicly available prior to closing could have a detrimental impact on value if a further sale process is required. Sealing **Confidential Appendices "1"** and **"2"** is necessary due to the risk that the public disclosure of the information contained in the same could cause irreparable prejudice to creditors and other stakeholders. The Receiver recommends that the sealing order terminate on closing of the transaction.
2. The salutary effects of sealing such information from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Receiver is not aware of any party that will be prejudiced if the information in **Confidential Appendices "1"** and **"2"** is sealed or any public interest that will be served if such details are disclosed in full. The Receiver is of the view that the sealing of the Confidential Appendices is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25. Accordingly, the Receiver believes the proposed sealing of the Confidential Appendices is appropriate in the circumstances.

### **5.0 Other Activities of the Receiver**

1. In addition to those discussed above, the Receiver has conducted the following activities in relation to its appointment.
  - a) corresponding with representatives of the Receivership Companies, CMI, and Wallace & Carey, to obtain information concerning the Receivership Companies;

- b) securing the Receivership Companies' bank accounts at CIBC and changing the account signatories to representatives of the Receiver;
- c) issuing the Receiver's Certificate pursuant to the 772 Approval and Vesting Order certifying completion of the 772 Property Transaction;
- d) corresponding with the Receivership Companies' insurance broker to determine whether insurance coverage was in place, premiums were current, and to add the Receiver as an additional insured and loss payee on the Ridge Meadows Property and SIU Property policies;
- e) safeguarding the Ridge Meadows Property, including:
  - i. attending the Ridge Meadows Property to understand and document the condition of the same;
  - ii. opening new utility accounts;
  - iii. arranging for snow removal services;
  - iv. arranging for the repair of certain items identified by the Ridge Meadows Tenants; and
  - v. securing certain assets situated on the Ridge Meadows Property;
- f) safeguarding the SIU Property, including:
  - i. attending the SIU Property to document the condition of the SIU Property; and
  - ii. confirming with the SIU Tenant its responsibilities under the lease;
- g) corresponding with the Ridge Meadows Tenants and SIU Tenant regarding the receivership proceedings, the terms of the leases, rent payable, and the sale processes for each respective property;
- h) investigating whether there are any environmental issues with respect to the SIU Property, including:
  - i. retaining Vertex Professional Services ("**Vertex**"), a third-party environmental consultant, to prepare a Phase 1 Environmental Assessment report (the "**Phase 1 Report**");

- ii. reviewing the Phase 1 Report prepared by Vertex which identified minor soil stains on the SIU Property;
  - iii. discussing the proposed environmental remediation plan, including soil surface scrapes; and
  - iv. addressing the issues identified in the Phase 1 Report. On February 28, 2024, Vertex confirmed that the environmental remediation was successful, and a Remediation Report formalizing same was issued by Vertex on March 7, 2024;
- i) engaging an auctioneer to perform an appraisal of certain equipment situated on the Ridge Meadows Property;
  - j) corresponding with CWB National Leasing regarding certain leased assets jointly leased by Ridge Meadows and the SIU Tenant and coordinating the assignment of the lease regarding same;
  - k) corresponding with MNP Ltd., the receiver of Plaza 1000 Ltd. (“**Plaza 1000**”), regarding office space at Plaza 1000 where 772 is the head tenant, which office space 772 subleased, and coordinating the assignment of same to the subtenants;
  - l) redirecting all the Receivership Companies’ mail to the Receiver’s office;
  - m) corresponding with the CRA with respect to tax accounts and remittances;
  - n) preparing the statutory reports required by subsections 245(1) and 246(1) of the BIA and mailing same to all known creditors of the Companies and the Official Receiver;
  - o) maintaining the Case Website, including posting documents, such as application materials, reports, orders, notices, etc.; and
  - p) preparing this Report.

## **6.0 Professional Fees**

1. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Receivership Order. Pursuant to paragraph 19 of the Receivership Order, the Receiver and its counsel shall pass their accounts from time to time.

2. The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs for each of the Companies' estates.
3. The total fees for the Receiver from November 17, 2023 to March 31, 2024, were \$117,396.25, plus disbursements of \$4,045.08 and GST of \$6,072.06, for a total of \$127,513.39. The time spent by the Receiver is more particularly described in the Affidavit of Jason Knight to be sworn and filed in these proceedings.
4. The total fees of Cassels, as counsel to the Receiver, from November 21, 2023 to March 31, 2024, were \$31,881.65 and GST of \$1,593.05, for a total of \$33,474.70. The time spent by Cassels is more particularly described in the Affidavit of Natalie Thompson to be sworn and filed in these proceedings.
5. It is the Receiver's opinion that the fees and disbursements of the Receiver and Cassels accurately reflect the work done by the Receiver, and on behalf of the Receiver by Cassels, in connection with the receivership and the administration of the receivership for the dates of their respective invoices.
6. It is the Receiver's opinion that the fees and disbursements of Cassels are fair and reasonable and justified in the circumstances. The Receiver recommends approval of Cassels's accounts by this Court.

## 7.0 Conclusion and Recommendation

1. For the reasons set out in this Report, the Receiver is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully recommends that this Honourable Court issue the orders granting the Receiver's requested relief.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
in its capacity as Receiver of 772921 Alberta Inc.,  
Spruce it Up Land Corp, and Ridge Meadows Properties Ltd.  
and not in its personal capacity**

# **APPENDIX B**

**[ATTACHED]**



LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0019 265 678            5235JK;A                      051 463 482

LEGAL DESCRIPTION  
PLAN 5235JK  
BLOCK A  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 8.4 HECTARES (20.75 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 5;1;22;14;SW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 001 266 272

---

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
051 463 482	06/12/2005	TRANSFER OF LAND	\$3,050,000	\$3,050,000

---

OWNERS

SPRUCE IT UP LAND CORP.  
OF 5445-8 ST NE  
CALGARY  
ALBERTA T2K 5R9

(DATA UPDATED BY: CHANGE OF ADDRESS 181235675)  
(DATA UPDATED BY: CHANGE OF NAME 201115405)

---

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
6453GC .	03/12/1949	UTILITY RIGHT OF WAY GRANTEE - CANADIAN WESTERN NATURAL GAS COMPANY LIMITED. AS TO PORTION OR PLAN:GL85
917KA .	28/07/1967	RESTRICTIVE COVENANT
001 332 857	21/11/2000	CAVEAT



-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 051 463 482

## REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS  
-----

RE : ROADWAY  
CAVEATOR - HER MAJESTY THE QUEEN IN RIGHT OF  
ALBERTA  
AS REPRESENTED BY THE MINISTER OF INFRACTURE  
C/O LANDS ADMIN, HIGHWAY & ROADSIDE PLANNING  
TECHNICAL STANDARDS BRANCH  
2 FLR, TWIN ATRIA BLDG  
4999-98 AVE  
EDMONTON  
ALBERTA T6B2X3  
AGENT - JARRETT BEREZANSKI

051 463 483      06/12/2005 MORTGAGE  
MORTGAGEE - 772921 ALBERTA INC.  
C/O WALLACE & CAREY INC  
5445 8 ST NE  
CALGARY  
ALBERTA T2K5R9  
ORIGINAL PRINCIPAL AMOUNT: \$4,000,000

051 463 484      06/12/2005 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - 772921 ALBERTA INC.  
ATTN: ROBERT T HOUSMAN  
C/O GOWLING LAFLEUR HENDERSON LLP  
1400,700 2 ST SW  
CALGARY  
ALBERTA T2P4V5  
AGENT - ROBERT T HOUSMAN

101 354 558      07/12/2010 CAVEAT  
RE : LEASE INTEREST  
CAVEATOR - ROGERS COMMUNICATIONS INC.  
C/O DALE R. SPACKMAN  
PARLEE MCLAWS  
2400 SUNCOR ENERGY CENTRE  
150- 6 AVENUE SW  
CALGARY  
ALBERTA T2P3Y7  
AGENT - DALE R SPACKMAN  
(DATA UPDATED BY: TRANSFER OF CAVEAT  
111306281)

221 026 290      08/02/2022 MORTGAGE  
MORTGAGEE - CANADIAN WESTERN BANK.  
CREDIT SUPPORT-PRAIRIES REGIONAL CENTRE  
300,606-4TH STREET SW  
CALGARY  
ALBERTA T2P1T1

( CONTINUED )

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ENCUMBRANCES, LIENS & INTERESTS

PAGE 3  
# 051 463 482

REGISTRATION

-----  
NUMBER            DATE (D/M/Y)            PARTICULARS  
-----

ORIGINAL PRINCIPAL AMOUNT: \$12,000,000

221 026 291    08/02/2022 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - CANADIAN WESTERN BANK.  
CREDIT SUPPORT-PRAIRIES REGIONAL CENTRE  
300,606-4TH STREET SW  
CALGARY  
ALBERTA T2P1T1  
AGENT - MOHAMMED ALI MEMON

221 026 292    08/02/2022 POSTPONEMENT  
OF MORT 051463483 CAVE 051463484  
TO MORT 221026290 CAVE 221026291

231 275 608    12/09/2023 MORTGAGE  
MORTGAGEE - CANADIAN IMPERIAL BANK OF COMMERCE.  
199 BAY STREET, 4TH FLOOR  
TORONTO  
ONTARIO M5L1A2  
ORIGINAL PRINCIPAL AMOUNT: \$65,000,000

231 275 609    12/09/2023 POSTPONEMENT  
OF MORT 051463483 CAVE 051463484  
TO MORT 231275608

TOTAL INSTRUMENTS: 011

-----  
PENDING REGISTRATION QUEUE

DRR NUMBER	RECEIVED DATE (D/M/Y)	SUBMITTER	LAND ID
F003CAM	04/04/2024	CANADIAN WESTERN BANK 780-421-5406 CUSTOMER FILE NUMBER: RR426963-SPRUCE IT UP	
003		DISCHARGE	0019 265 678
004		DISCHARGE	0019 265 678

TOTAL PENDING REGISTRATIONS: 001

DISCLAIMER: THE DOCUMENT INFORMATION REFLECTED IN THE PENDING  
REGISTRATION QUEUE HAS NOT BEEN VERIFIED BY LAND TITLES AND MAY BE  
SUBJECT TO CHANGE UPON REVIEW AND REGISTRATION.

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 8 DAY OF APRIL,  
2024 AT 10:24 A.M.

ORDER NUMBER: 50171569

CUSTOMER FILE NUMBER: 054670-8



\*END OF CERTIFICATE\*

---

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,  
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,  
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

# **APPENDIX C**

**[ATTACHED]**

## LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of August, 17<sup>th</sup>, 2009.

BETWEEN:

772921 Alberta Inc., an Alberta corporation (the "Lender")

- and -

1204248 Alberta Inc., an Alberta corporation (the "Borrower")

WHEREAS the Borrower wishes to borrow funds, and the Lender wishes to loan the same to the Borrower pursuant to the terms and conditions contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by all of the parties hereto, the parties hereto hereby agree as follows:

### ARTICLE 1 DEFINITIONS

1.1 In this Agreement, the following terms shall have the following respective meanings:

"**Agreement**" means this agreement and all schedules hereto and all amendments hereof and all references to an Article, Section or subsection contained in this Agreement, unless expressly stated otherwise, mean and refer to the corresponding Article, Section and subsection in this Agreement;

"**Business Day**" means a day on which banks are open for general banking business in Calgary, Alberta;

"**Closing**" means the date on which the all of the conditions precedent set out in Section 2.2 have been satisfied or waived by the Lender;

"**Event of Default**" has the meaning ascribed to that term in Section 9.1 of this Agreement;

"**Interest Rate**" means the rate of interest per annum which is the Prime Rate plus 5%;

"**Loan**" means the principal indebtedness owing by the Borrower to the Lender pursuant to this Agreement and interest thereon;

"**Loan Documents**" means collectively this Agreement, the Security and any instrument or other document delivered by the Borrower to the Lender pursuant to the terms of this Agreement or the Security;

"**Obligations**" means all obligations of the Borrower to the Lender under this Agreement and the other Loan Documents including, without limitation, the obligation to repay the principal amount of the Loan, to pay interest on the Loan as provided herein and to pay and perform the other obligations owed by the Borrower to the Lender pursuant to the terms of the Loan Documents;

"**Parties**" means collectively the Lender and the Borrower, parties to this Agreement;

"**Person**" will be broadly interpreted and includes an individual, a corporation, a limited liability company, a partnership, a trust, a joint venture, an association, an unincorporated organization, the government of a country or any political subdivision of a country, any agency or department of any such government, a regulatory agency or any other juridical entity, and the heirs, executors, administrators or other legal representatives of an individual;

"**Prime Rate**" means the prime lending rate charged by the Bank of Canada, from time to time, to its most creditworthy commercial borrowers; and

"**Security**" means the security described in Section 6.1 of this Agreement.

## **ARTICLE 2 THE LOAN**

2.1 Subject to the terms of this Agreement, the Lender agrees to make the Loan available to the Borrower, in a single advance, on the following terms and conditions:

- (a) the principal amount of the Loan is Cdn. **\$3,785,807.86**;
- (b) the Loan shall be non-revolving; and
- (c) the Loan shall be secured by the Security.

2.2 The Loan is subject to the following conditions precedent:

- (a) the representations and warranties contained in the Loan Documents are and will continue to be true and correct in every material respect;
- (b) this Agreement shall have been duly executed and delivered by the Borrower; and
- (c) the Security shall have been duly executed and delivered by the persons granting same and to the extent the Lender considers it necessary or advisable, the Security shall have been duly registered in all relevant jurisdictions.

## **ARTICLE 3 PURPOSE**

3.1 The Borrower agrees to use the Loan solely for the purpose of purchasing furniture, fixtures and yard equipment.

**ARTICLE 4  
REPAYMENT**

4.1 The full principal sum of the Loan will become due and payable on DEMAND. Interest thereon at the Interest Rate calculated semi-annually, not in advance, shall become due and be paid by one hundred and twenty (240) equal consecutive monthly instalments of interest only of SEVENTEEN THOUSAND FIFTY ONE DOLLARS (\$17,051) each on the first day of each and every month in each and every year from and including December 2005, to and including November 2025.

4.1 Subject to Section 4.1 above, the Borrower shall have the right to prepay the whole or any part of the amount outstanding on account of the Loan (including interest) owing hereunder at any time without penalty, the requirement that notice is given, or bonus be paid.

**ARTICLE 5  
INTEREST**

5.1 The Borrower shall pay interest on the Loan at the Interest Rate which shall be payable on the outstanding amount of the principal owing hereunder from time to time. Interest owing hereunder shall be calculated monthly on the principal amount of the Loan outstanding from time to time. Interest shall accrue and be calculated beginning on Closing.

**ARTICLE 6  
SECURITY**

6.1 As security for the Obligations, the Borrower shall deliver or cause to be delivered to the Lender, in such form as the Lender, acting reasonably, requires (collectively, the "Security"):

- (a) a general security agreement.

**ARTICLE 7  
BORROWER' COVENANTS AND UNDERTAKING**

7.1 The Borrower covenants to the Lender, and the Lender relies upon such covenants, that until such time as the Loan has been repaid and all interest and other amounts payable hereunder have been paid by the Borrower to the Lender:

- (a) the Borrower will make due and timely payment of the Obligations as and when required;
- (b) the Borrower shall:
  - (i) carry on and conduct its business and operations in a proper, efficient and businesslike manner in accordance with good business practice;

- (ii) preserve, renew and keep in full force and effect its existence;
  - (iii) take all reasonable action to maintain any permits, licenses, authorizations, consents, approvals, franchises and entitlements (collectively, "Permits") necessary or desirable in the normal conduct of its business; and
  - (iv) comply with all material contracts, Permits, and with applicable laws, statutes, by-laws, rules, regulations, court orders or ordinances;
- (c) the Borrower will not create, incur or permit to exist, and will take such other action as is necessary to remove, any and all encumbrances on, and claims in respect of, its property and assets and the Borrower will defend the security interests granted in favour of the Lender in and to its property and assets against the claims and demands of all Persons;
- (d) the Borrower will promptly give notice to the Lender of any actual or potential material claims, proceedings or litigation in respect of the Borrower, its assets, and notice of any Event of Default or pending Event of Default or of any event or circumstance that is likely to give rise to an Event of Default;
- (e) the Borrower will fully pay and discharge, as and when due and payable, all income, profits, sales and goods and services taxes, rates, levies, duties and assessments that may be imposed, levied, rated, charged or assessed against the Borrower, its assets or any part thereof; and
- (f) the Borrower will not cancel or terminate any material contract, or take any other action in connection with any material contract that would have a material adverse effect on the business or affairs of the Borrower.

## **ARTICLE 8 BORROWER' REPRESENTATIONS AND WARRANTIES**

8.1 The Borrower represents and warrants to the Lender, and the Lender relies upon the Borrower's representations and warranties in entering into this Agreement, that:

- (a) the Borrower has been duly formed and is a valid and subsisting corporation under the laws of the Province of Alberta and is authorized and duly registered to carry on business in the Province of Alberta;
- (b) the Borrower has full corporate power and capacity to enter into and perform its obligations under this Agreement;
- (c) the Borrower has duly authorized, executed and delivered this Agreement;
- (d) this Agreement and the other Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, enforceable in accordance with their respective terms; and



- (e) the execution and delivery of this Agreement by the Borrower does not conflict with, or contravene or constitute a default under:
  - (i) any agreement or instrument to which the Borrower is a party to or by which it is bound; or
  - (ii) any law, regulation, judgment, order, licence or permit in respect of or by which it is bound.

## ARTICLE 9 EVENTS OF DEFAULT

9.1 The following events and circumstances shall constitute an event of default under this Agreement (which are referred to herein individually as an "**Event of Default**" and collectively as "**Events of Default**"):

- (a) the Borrower defaults in payment when due of any of the Obligations;
- (b) any representation or warranty made by the Borrower herein or in any officers' certificate or other Loan Document delivered to the Lender pursuant hereto is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
- (c) the Borrower defaults in the performance or observance of any covenant, condition or obligation contained in this Agreement or any other Loan Document delivered to the Lender pursuant hereto (other than those matters set out in subsections 9.1(a) and 7.1(a) above) unless such default is remedied within 10 Business Days after notice thereof by the Lender to the Borrower;
- (d) the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency or if it ceases or threatens to cease to carry on its business;
- (e) the Borrower institutes any proceedings or takes any corporate action or executes any agreement to authorize its participation in or the commencement of any proceeding:
  - (i) seeking to adjudicate it a bankrupt or insolvent; or
  - (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application for reorganization under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) or any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation);

- (f) any proceeding is commenced against or affecting the Borrower:
  - (i) seeking to adjudicate it a bankrupt or insolvent;
  - (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation); or
  - (iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets;unless such proceeding has not been outstanding for more than 60 days and is being actively and diligently contested in good faith by appropriate proceedings as determined by the Lender in its sole discretion and no judgment or order has been made granting any relief being sought in such proceeding;
- (g) any creditor of the Borrower or any other Person privately appoints a receiver, trustee or similar official for any part of the properties and assets of the Borrower; and
- (h) the Borrower defaults in the performance or observance of any covenant, condition or obligation contained in any agreement between the Borrower and any third Person, where such default would materially impair the ability of the Borrower to repay the Obligations.

9.2 Upon the occurrence of an Event of Default, the Security held by the Lender shall become enforceable. Subject to the terms of the Security, nothing herein contained is intended to or shall impair or prevent the Lender from exercising any remedies otherwise permitted by applicable law upon the occurrence of an Event of Default hereunder or a default under the terms of the Security. Nothing herein contained shall be interpreted as requiring the Lender to enforce and/or realize under the Security, or to take or abstain from taking, or maintaining or abstain from maintaining, any of the Security.

## **ARTICLE 10 COSTS OF ENFORCEMENT**

10.1 In the event that the Lender enforces its rights under this Agreement or any of the other Loan Documents, the Borrower shall pay to the Lender all amounts for which the Lender is liable to pay hereunder, including full indemnity for legal fees, disbursements and costs on a solicitor-client basis, in connection with this Agreement and the other Loan Documents and the protection, maintenance and enforcement of the Lender's rights hereunder and there under.

## **ARTICLE 11 CRIMINAL INTEREST**

11.1 In the event that any provision of this Agreement would oblige the Borrower to make any payment of interest or any other payment which is construed by a court of competent jurisdiction to be interest in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of interest at a criminal rate (as those terms are construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that amount or rate will be deemed to have been adjusted nunc pro tunc to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by the Lender of interest at a criminal rate, that adjustment to be effected, to the extent necessary, as follows:

- (a) first, by reducing the amount or rate of interest required to be paid under this Agreement; and
- (b) second, by reducing any fees, commissions, premiums and other amounts which would constitute interest for the purposes of Section 347 of the *Criminal Code* (Canada);

11.2 If, despite giving effect to all adjustments contemplated by Section 11.1(a), the Lender has received an amount in excess of the maximum permitted by that clause, then that excess will be applied by the Lender to the reduction of the principal balance of the Loan and not to the payment of interest, or if that excessive interest exceeds that principal balance, that excess will be refunded to the Borrower.

## **ARTICLE 12 INDEMNITY**

12.1 The Borrower hereby agrees to indemnify the Lender on demand against any loss, expense or liability which the Lender may sustain or incur as a consequence of the action or inaction of the Borrower in connection with:

- (a) any default in payment of the principal amount of the Loan, or any part thereof or interest accrued thereon, as and when due and payable; or
- (b) any misrepresentation made by the Borrower in this Agreement or in any other Loan Document.

The Borrower's obligations under this Section 12.1 continue even after the Loan has been repaid and this Agreement has terminated.

## **ARTICLE 13 GENERAL**

13.1 Any notice, communication, payment or demand required or permitted to be given or made hereunder shall be sufficiently given or made for all purposes if delivered personally to the party or to an officer of the party to whom the same is directed or if transmitted by facsimile transmission or other means of electronic communication, addressed as follows:

- (a) if to the Lender:

5445 8<sup>th</sup> St NE, Calgary AB, T2K 5R9  
Facsimile: 403-295-6383  
Email: [birnieb@wacl.com](mailto:birnieb@wacl.com)  
Attention: Brian M. Birnie - Controller

(b) if to the Borrower:

5445 8<sup>th</sup> St NE, Calgary AB, T2K 5R9  
Facsimile: 403-295-6383  
Email: [birnieb@wacl.com](mailto:birnieb@wacl.com)  
Attention: Brian M. Birnie - Controller

Any such notice shall be deemed to have been received on the day on which the same was personally delivered or transmitted by facsimile or other means of electronic communication to the recipient if given on a Business Day or on the next occurring Business Day if not given during a Business Day. Any Party may change its delivery address or email address by giving the other party written notice to that effect.

13.2 No provision of this Agreement, rights of the Lender or obligations of the Borrower, shall be waived or deemed to be waived by the Lender, unless such waiver is express and in writing. Any waiver by the Lender so provided shall not extend to or be taken in any manner to extend to any other default or subsequent default by or of the Borrower.

13.3 Each Party covenants to execute promptly such further documents or instruments and to provide such further assurances as may be necessary to give effect to this Agreement and to provide for the matters set out herein in accordance with the provisions of this Agreement.

13.4 No amendments to this Agreement and any of its provisions shall be of any force or effect unless in writing and signed by each of the Parties.

13.5 This Agreement will not merge upon the execution and delivery of the Security and the other Loan Documents, but will remain in full force and effect thereafter. In the case of any conflict or inconsistency between this Agreement and any other Loan Document, this Agreement will prevail.

13.6 Neither Party may assign its rights and obligations under and in respect of this Agreement without the express consent of the other Party hereto which consent must be in writing.

13.7 Each provision of this Agreement is intended to be severable. If any provision hereof is illegal or invalid, such illegality or invalidity shall not affect the validity of the remainder hereof.

13.8 The headings to this Agreement and Articles therein are for the purposes of convenience alone and shall not be referred to in interpretation thereof.

13.9 Time shall in all respects be of the essence of this Agreement.

13.10 This Agreement shall be governed by and interpreted in accordance with the law of the Province of Alberta, Canada.

13.11 This Agreement shall enure, except as expressly provided herein, to the Parties hereto and their respective successors and assigns.

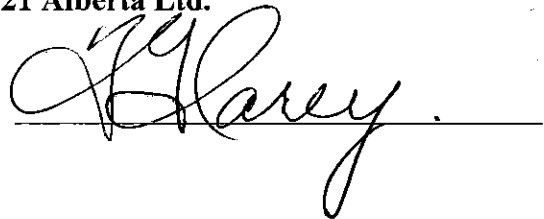
13.12 This Agreement and all agreements expressly referenced herein, constitutes the whole agreement between the Lender and the Borrower with respect to the Loan.

13.13 Nothing contained herein shall affect in any respect any of the obligations or liabilities owed by the Borrower to the Lender under or in respect of any construction or other bonds issued by the Lender on behalf of the Borrower or any other obligations or liabilities of the Borrower to the Lender unrelated to the Loan.

**WHEREAS** the parties hereto hereby agree effective as of the date first above written as evidenced by their respective lawful signatures below.

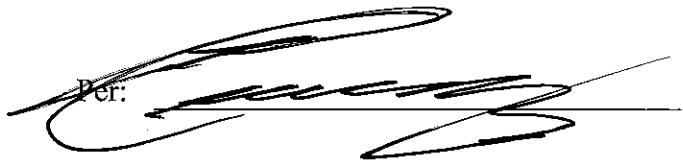
**772921 Alberta Ltd.**

Per:

A handwritten signature in black ink, appearing to read "J. H. Carey", is written over a horizontal line.

**1204248 ALBERTA LTD.**

Per:

A large, stylized handwritten signature in black ink is written over a horizontal line.

**Amortization Table - 1204248 Alberta Inc Loan from 772921 Alberta Inc**

<b>Date</b>	<b>Interest</b>	<b>Principle</b>	<b>Balance</b>
Aug, 2009	\$22,872.59	\$1,668.58	\$3,784,139.28
Sep, 2009	\$22,862.51	\$1,678.66	\$3,782,460.62
Oct, 2009	\$22,852.37	\$1,688.80	\$3,780,771.82
Nov, 2009	\$22,842.16	\$1,699.01	\$3,779,072.81
Dec, 2009	\$22,831.90	\$1,709.27	\$3,777,363.54
Jan, 2010	\$22,821.57	\$1,719.60	\$3,775,643.95
Feb, 2010	\$22,811.18	\$1,729.99	\$3,773,913.96
Mar, 2010	\$22,800.73	\$1,740.44	\$3,772,173.52
Apr, 2010	\$22,790.22	\$1,750.95	\$3,770,422.57
May, 2010	\$22,779.64	\$1,761.53	\$3,768,661.04
Jun, 2010	\$22,768.99	\$1,772.17	\$3,766,888.86
Jul, 2010	\$22,758.29	\$1,782.88	\$3,765,105.98
Aug, 2010	\$22,747.52	\$1,793.65	\$3,763,312.33
Sep, 2010	\$22,736.68	\$1,804.49	\$3,761,507.84
Oct, 2010	\$22,725.78	\$1,815.39	\$3,759,692.44
Nov, 2010	\$22,714.81	\$1,826.36	\$3,757,866.08
Dec, 2010	\$22,703.77	\$1,837.39	\$3,756,028.69
Jan, 2011	\$22,692.67	\$1,848.50	\$3,754,180.19
Feb, 2011	\$22,681.51	\$1,859.66	\$3,752,320.53
Mar, 2011	\$22,670.27	\$1,870.90	\$3,750,449.63
Apr, 2011	\$22,658.97	\$1,882.20	\$3,748,567.43
May, 2011	\$22,647.59	\$1,893.57	\$3,746,673.86
Jun, 2011	\$22,636.15	\$1,905.01	\$3,744,768.84
Jul, 2011	\$22,624.65	\$1,916.52	\$3,742,852.32
Aug, 2011	\$22,613.07	\$1,928.10	\$3,740,924.22
Sep, 2011	\$22,601.42	\$1,939.75	\$3,738,984.47
Oct, 2011	\$22,589.70	\$1,951.47	\$3,737,033.00
Nov, 2011	\$22,577.91	\$1,963.26	\$3,735,069.74
Dec, 2011	\$22,566.05	\$1,975.12	\$3,733,094.61
Jan, 2012	\$22,554.11	\$1,987.06	\$3,731,107.56
Feb, 2012	\$22,542.11	\$1,999.06	\$3,729,108.50
Mar, 2012	\$22,530.03	\$2,011.14	\$3,727,097.36
Apr, 2012	\$22,517.88	\$2,023.29	\$3,725,074.07
May, 2012	\$22,505.66	\$2,035.51	\$3,723,038.56
Jun, 2012	\$22,493.36	\$2,047.81	\$3,720,990.75
Jul, 2012	\$22,480.99	\$2,060.18	\$3,718,930.57
Aug, 2012	\$22,468.54	\$2,072.63	\$3,716,857.94
Sep, 2012	\$22,456.02	\$2,085.15	\$3,714,772.78
Oct, 2012	\$22,443.42	\$2,097.75	\$3,712,675.03
Nov, 2012	\$22,430.75	\$2,110.42	\$3,710,564.61
Dec, 2012	\$22,417.99	\$2,123.17	\$3,708,441.44
Jan, 2013	\$22,405.17	\$2,136.00	\$3,706,305.44
Feb, 2013	\$22,392.26	\$2,148.91	\$3,704,156.53
Mar, 2013	\$22,379.28	\$2,161.89	\$3,701,994.64
Apr, 2013	\$22,366.22	\$2,174.95	\$3,699,819.69
May, 2013	\$22,353.08	\$2,188.09	\$3,697,631.60
Jun, 2013	\$22,339.86	\$2,201.31	\$3,695,430.29
Jul, 2013	\$22,326.56	\$2,214.61	\$3,693,215.68
Aug, 2013	\$22,313.18	\$2,227.99	\$3,690,987.69
Sep, 2013	\$22,299.72	\$2,241.45	\$3,688,746.24
Oct, 2013	\$22,286.18	\$2,254.99	\$3,686,491.24
Nov, 2013	\$22,272.55	\$2,268.62	\$3,684,222.62
Dec, 2013	\$22,258.85	\$2,282.32	\$3,681,940.30
Jan, 2014	\$22,245.06	\$2,296.11	\$3,679,644.19
Feb, 2014	\$22,231.18	\$2,309.98	\$3,677,334.20
Mar, 2014	\$22,217.23	\$2,323.94	\$3,675,010.26

Apr, 2014	\$22,203.19	\$2,337.98	\$3,672,672.28
May, 2014	\$22,189.06	\$2,352.11	\$3,670,320.17
Jun, 2014	\$22,174.85	\$2,366.32	\$3,667,953.86
Jul, 2014	\$22,160.55	\$2,380.61	\$3,665,573.24
Aug, 2014	\$22,146.17	\$2,395.00	\$3,663,178.25
Sep, 2014	\$22,131.70	\$2,409.47	\$3,660,768.78
Oct, 2014	\$22,117.14	\$2,424.02	\$3,658,344.76
Nov, 2014	\$22,102.50	\$2,438.67	\$3,655,906.09
Dec, 2014	\$22,087.77	\$2,453.40	\$3,653,452.68
Jan, 2015	\$22,072.94	\$2,468.23	\$3,650,984.46
Feb, 2015	\$22,058.03	\$2,483.14	\$3,648,501.32
Mar, 2015	\$22,043.03	\$2,498.14	\$3,646,003.18
Apr, 2015	\$22,027.94	\$2,513.23	\$3,643,489.95
May, 2015	\$22,012.75	\$2,528.42	\$3,640,961.53
Jun, 2015	\$21,997.48	\$2,543.69	\$3,638,417.84
Jul, 2015	\$21,982.11	\$2,559.06	\$3,635,858.78
Aug, 2015	\$21,966.65	\$2,574.52	\$3,633,284.26
Sep, 2015	\$21,951.09	\$2,590.08	\$3,630,694.18
Oct, 2015	\$21,935.44	\$2,605.72	\$3,628,088.46
Nov, 2015	\$21,919.70	\$2,621.47	\$3,625,466.99
Dec, 2015	\$21,903.86	\$2,637.31	\$3,622,829.69
Jan, 2016	\$21,887.93	\$2,653.24	\$3,620,176.45
Feb, 2016	\$21,871.90	\$2,669.27	\$3,617,507.18
Mar, 2016	\$21,855.77	\$2,685.40	\$3,614,821.78
Apr, 2016	\$21,839.55	\$2,701.62	\$3,612,120.16
May, 2016	\$21,823.23	\$2,717.94	\$3,609,402.22
Jun, 2016	\$21,806.81	\$2,734.36	\$3,606,667.86
Jul, 2016	\$21,790.28	\$2,750.88	\$3,603,916.97
Aug, 2016	\$21,773.67	\$2,767.50	\$3,601,149.47
Sep, 2016	\$21,756.94	\$2,784.22	\$3,598,365.24
Oct, 2016	\$21,740.12	\$2,801.05	\$3,595,564.20
Nov, 2016	\$21,723.20	\$2,817.97	\$3,592,746.23
Dec, 2016	\$21,706.18	\$2,834.99	\$3,589,911.24
Jan, 2017	\$21,689.05	\$2,852.12	\$3,587,059.12
Feb, 2017	\$21,671.82	\$2,869.35	\$3,584,189.76
Mar, 2017	\$21,654.48	\$2,886.69	\$3,581,303.08
Apr, 2017	\$21,637.04	\$2,904.13	\$3,578,398.95
May, 2017	\$21,619.49	\$2,921.67	\$3,575,477.27
Jun, 2017	\$21,601.84	\$2,939.33	\$3,572,537.94
Jul, 2017	\$21,584.08	\$2,957.09	\$3,569,580.86
Aug, 2017	\$21,566.22	\$2,974.95	\$3,566,605.91
Sep, 2017	\$21,548.24	\$2,992.92	\$3,563,612.98
Oct, 2017	\$21,530.16	\$3,011.01	\$3,560,601.98
Nov, 2017	\$21,511.97	\$3,029.20	\$3,557,572.78
Dec, 2017	\$21,493.67	\$3,047.50	\$3,554,525.28
Jan, 2018	\$21,475.26	\$3,065.91	\$3,551,459.37
Feb, 2018	\$21,456.73	\$3,084.43	\$3,548,374.93
Mar, 2018	\$21,438.10	\$3,103.07	\$3,545,271.86
Apr, 2018	\$21,419.35	\$3,121.82	\$3,542,150.05
May, 2018	\$21,400.49	\$3,140.68	\$3,539,009.37
Jun, 2018	\$21,381.51	\$3,159.65	\$3,535,849.71
Jul, 2018	\$21,362.43	\$3,178.74	\$3,532,670.97
Aug, 2018	\$21,343.22	\$3,197.95	\$3,529,473.02
Sep, 2018	\$21,323.90	\$3,217.27	\$3,526,255.75
Oct, 2018	\$21,304.46	\$3,236.71	\$3,523,019.05
Nov, 2018	\$21,284.91	\$3,256.26	\$3,519,762.79
Dec, 2018	\$21,265.23	\$3,275.93	\$3,516,486.85
Jan, 2019	\$21,245.44	\$3,295.73	\$3,513,191.12
Feb, 2019	\$21,225.53	\$3,315.64	\$3,509,875.48
Mar, 2019	\$21,205.50	\$3,335.67	\$3,506,539.81
Apr, 2019	\$21,185.34	\$3,355.82	\$3,503,183.99

May, 2019	\$21,165.07	\$3,376.10	\$3,499,807.89
Jun, 2019	\$21,144.67	\$3,396.50	\$3,496,411.40
Jul, 2019	\$21,124.15	\$3,417.02	\$3,492,994.38
Aug, 2019	\$21,103.51	\$3,437.66	\$3,489,556.72
Sep, 2019	\$21,082.74	\$3,458.43	\$3,486,098.29
Oct, 2019	\$21,061.84	\$3,479.32	\$3,482,618.96
Nov, 2019	\$21,040.82	\$3,500.35	\$3,479,118.62
Dec, 2019	\$21,019.67	\$3,521.49	\$3,475,597.13
Jan, 2020	\$20,998.40	\$3,542.77	\$3,472,054.36
Feb, 2020	\$20,977.00	\$3,564.17	\$3,468,490.18
Mar, 2020	\$20,955.46	\$3,585.71	\$3,464,904.48
Apr, 2020	\$20,933.80	\$3,607.37	\$3,461,297.11
May, 2020	\$20,912.00	\$3,629.17	\$3,457,667.94
Jun, 2020	\$20,890.08	\$3,651.09	\$3,454,016.85
Jul, 2020	\$20,868.02	\$3,673.15	\$3,450,343.70
Aug, 2020	\$20,845.83	\$3,695.34	\$3,446,648.36
Sep, 2020	\$20,823.50	\$3,717.67	\$3,442,930.69
Oct, 2020	\$20,801.04	\$3,740.13	\$3,439,190.56
Nov, 2020	\$20,778.44	\$3,762.73	\$3,435,427.83
Dec, 2020	\$20,755.71	\$3,785.46	\$3,431,642.38
Jan, 2021	\$20,732.84	\$3,808.33	\$3,427,834.05
Feb, 2021	\$20,709.83	\$3,831.34	\$3,424,002.71
Mar, 2021	\$20,686.68	\$3,854.49	\$3,420,148.22
Apr, 2021	\$20,663.40	\$3,877.77	\$3,416,270.45
May, 2021	\$20,639.97	\$3,901.20	\$3,412,369.25
Jun, 2021	\$20,616.40	\$3,924.77	\$3,408,444.48
Jul, 2021	\$20,592.69	\$3,948.48	\$3,404,496.00
Aug, 2021	\$20,568.83	\$3,972.34	\$3,400,523.66
Sep, 2021	\$20,544.83	\$3,996.34	\$3,396,527.32
Oct, 2021	\$20,520.69	\$4,020.48	\$3,392,506.84
Nov, 2021	\$20,496.40	\$4,044.77	\$3,388,462.06
Dec, 2021	\$20,471.96	\$4,069.21	\$3,384,392.85
Jan, 2022	\$20,447.37	\$4,093.79	\$3,380,299.06
Feb, 2022	\$20,422.64	\$4,118.53	\$3,376,180.53
Mar, 2022	\$20,397.76	\$4,143.41	\$3,372,037.12
Apr, 2022	\$20,372.72	\$4,168.44	\$3,367,868.68
May, 2022	\$20,347.54	\$4,193.63	\$3,363,675.05
Jun, 2022	\$20,322.20	\$4,218.97	\$3,359,456.08
Jul, 2022	\$20,296.71	\$4,244.45	\$3,355,211.63
Aug, 2022	\$20,271.07	\$4,270.10	\$3,350,941.53
Sep, 2022	\$20,245.27	\$4,295.90	\$3,346,645.63
Oct, 2022	\$20,219.32	\$4,321.85	\$3,342,323.78
Nov, 2022	\$20,193.21	\$4,347.96	\$3,337,975.82
Dec, 2022	\$20,166.94	\$4,374.23	\$3,333,601.59
Jan, 2023	\$20,140.51	\$4,400.66	\$3,329,200.93
Feb, 2023	\$20,113.92	\$4,427.25	\$3,324,773.68
Mar, 2023	\$20,087.17	\$4,453.99	\$3,320,319.69
Apr, 2023	\$20,060.26	\$4,480.90	\$3,315,838.78
May, 2023	\$20,033.19	\$4,507.98	\$3,311,330.81
Jun, 2023	\$20,005.96	\$4,535.21	\$3,306,795.60
Jul, 2023	\$19,978.56	\$4,562.61	\$3,302,232.99
Aug, 2023	\$19,950.99	\$4,590.18	\$3,297,642.81
Sep, 2023	\$19,923.26	\$4,617.91	\$3,293,024.90
Oct, 2023	\$19,895.36	\$4,645.81	\$3,288,379.09
Nov, 2023	\$19,867.29	\$4,673.88	\$3,283,705.21
Dec, 2023	\$19,839.05	\$4,702.12	\$3,279,003.09
Jan, 2024	\$19,810.64	\$4,730.52	\$3,274,272.57
Feb, 2024	\$19,782.06	\$4,759.11	\$3,269,513.46
Mar, 2024	\$19,753.31	\$4,787.86	\$3,264,725.61
Apr, 2024	\$19,724.38	\$4,816.78	\$3,259,908.82
May, 2024	\$19,695.28	\$4,845.89	\$3,255,062.94



Jun, 2024	\$19,666.01	\$4,875.16	\$3,250,187.77
Jul, 2024	\$19,636.55	\$4,904.62	\$3,245,283.16
Aug, 2024	\$19,606.92	\$4,934.25	\$3,240,348.91
Sep, 2024	\$19,577.11	\$4,964.06	\$3,235,384.85
Oct, 2024	\$19,547.12	\$4,994.05	\$3,230,390.79
Nov, 2024	\$19,516.94	\$5,024.22	\$3,225,366.57
Dec, 2024	\$19,486.59	\$5,054.58	\$3,220,311.99
Jan, 2025	\$19,456.05	\$5,085.12	\$3,215,226.87
Feb, 2025	\$19,425.33	\$5,115.84	\$3,210,111.03
Mar, 2025	\$19,394.42	\$5,146.75	\$3,204,964.29
Apr, 2025	\$19,363.33	\$5,177.84	\$3,199,786.44
May, 2025	\$19,332.04	\$5,209.13	\$3,194,577.32
Jun, 2025	\$19,300.57	\$5,240.60	\$3,189,336.72
Jul, 2025	\$19,268.91	\$5,272.26	\$3,184,064.46
Aug, 2025	\$19,237.06	\$5,304.11	\$3,178,760.35
Sep, 2025	\$19,205.01	\$5,336.16	\$3,173,424.19
Oct, 2025	\$19,172.77	\$5,368.40	\$3,168,055.80
Nov, 2025	\$19,140.34	\$5,400.83	\$3,162,654.96
Dec, 2025	\$19,107.71	\$5,433.46	\$3,157,221.50
Jan, 2026	\$19,074.88	\$5,466.29	\$3,151,755.21
Feb, 2026	\$19,041.85	\$5,499.31	\$3,146,255.90
Mar, 2026	\$19,008.63	\$5,532.54	\$3,140,723.36
Apr, 2026	\$18,975.20	\$5,565.96	\$3,135,157.40
May, 2026	\$18,941.58	\$5,599.59	\$3,129,557.80
Jun, 2026	\$18,907.75	\$5,633.42	\$3,123,924.38
Jul, 2026	\$18,873.71	\$5,667.46	\$3,118,256.92
Aug, 2026	\$18,839.47	\$5,701.70	\$3,112,555.22
Sep, 2026	\$18,805.02	\$5,736.15	\$3,106,819.07
Oct, 2026	\$18,770.37	\$5,770.80	\$3,101,048.27
Nov, 2026	\$18,735.50	\$5,805.67	\$3,095,242.60
Dec, 2026	\$18,700.42	\$5,840.74	\$3,089,401.86
Jan, 2027	\$18,665.14	\$5,876.03	\$3,083,525.83
Feb, 2027	\$18,629.64	\$5,911.53	\$3,077,614.29
Mar, 2027	\$18,593.92	\$5,947.25	\$3,071,667.04
Apr, 2027	\$18,557.99	\$5,983.18	\$3,065,683.86
May, 2027	\$18,521.84	\$6,019.33	\$3,059,664.54
Jun, 2027	\$18,485.47	\$6,055.70	\$3,053,608.84
Jul, 2027	\$18,448.89	\$6,092.28	\$3,047,516.56
Aug, 2027	\$18,412.08	\$6,129.09	\$3,041,387.47
Sep, 2027	\$18,375.05	\$6,166.12	\$3,035,221.35
Oct, 2027	\$18,337.80	\$6,203.37	\$3,029,017.98
Nov, 2027	\$18,300.32	\$6,240.85	\$3,022,777.13
Dec, 2027	\$18,262.61	\$6,278.56	\$3,016,498.57
Jan, 2028	\$18,224.68	\$6,316.49	\$3,010,182.08
Feb, 2028	\$18,186.52	\$6,354.65	\$3,003,827.43
Mar, 2028	\$18,148.12	\$6,393.04	\$2,997,434.38
Apr, 2028	\$18,109.50	\$6,431.67	\$2,991,002.72
May, 2028	\$18,070.64	\$6,470.53	\$2,984,532.19
Jun, 2028	\$18,031.55	\$6,509.62	\$2,978,022.57
Jul, 2028	\$17,992.22	\$6,548.95	\$2,971,473.62
Aug, 2028	\$17,952.65	\$6,588.52	\$2,964,885.10
Sep, 2028	\$17,912.85	\$6,628.32	\$2,958,256.78
Oct, 2028	\$17,872.80	\$6,668.37	\$2,951,588.42
Nov, 2028	\$17,832.51	\$6,708.66	\$2,944,879.76
Dec, 2028	\$17,791.98	\$6,749.19	\$2,938,130.57
Jan, 2029	\$17,751.21	\$6,789.96	\$2,931,340.61
Feb, 2029	\$17,710.18	\$6,830.99	\$2,924,509.63
Mar, 2029	\$17,668.91	\$6,872.26	\$2,917,637.37
Apr, 2029	\$17,627.39	\$6,913.78	\$2,910,723.59
May, 2029	\$17,585.62	\$6,955.55	\$2,903,768.05
Jun, 2029	\$17,543.60	\$6,997.57	\$2,896,770.48

Jul, 2029	\$17,501.32	\$7,039.85	\$2,889,730.63
Aug, 2029	\$17,458.79	\$7,082.38	\$2,882,648.25
Sep, 2029	\$17,416.00	\$7,125.17	\$2,875,523.08
Oct, 2029	\$17,372.95	\$7,168.22	\$2,868,354.87
Nov, 2029	\$17,329.64	\$7,211.52	\$2,861,143.34
Dec, 2029	\$17,286.07	\$7,255.09	\$2,853,888.25
Jan, 2030	\$17,242.24	\$7,298.93	\$2,846,589.32
Feb, 2030	\$17,198.14	\$7,343.02	\$2,839,246.30
Mar, 2030	\$17,153.78	\$7,387.39	\$2,831,858.91
Apr, 2030	\$17,109.15	\$7,432.02	\$2,824,426.89
May, 2030	\$17,064.25	\$7,476.92	\$2,816,949.96
Jun, 2030	\$17,019.07	\$7,522.10	\$2,809,427.87
Jul, 2030	\$16,973.63	\$7,567.54	\$2,801,860.33
Aug, 2030	\$16,927.91	\$7,613.26	\$2,794,247.06
Sep, 2030	\$16,881.91	\$7,659.26	\$2,786,587.80
Oct, 2030	\$16,835.63	\$7,705.53	\$2,778,882.27
Nov, 2030	\$16,789.08	\$7,752.09	\$2,771,130.18
Dec, 2030	\$16,742.24	\$7,798.92	\$2,763,331.26
Jan, 2031	\$16,695.13	\$7,846.04	\$2,755,485.22
Feb, 2031	\$16,647.72	\$7,893.45	\$2,747,591.77
Mar, 2031	\$16,600.03	\$7,941.13	\$2,739,650.64
Apr, 2031	\$16,552.06	\$7,989.11	\$2,731,661.52
May, 2031	\$16,503.79	\$8,037.38	\$2,723,624.14
Jun, 2031	\$16,455.23	\$8,085.94	\$2,715,538.21
Jul, 2031	\$16,406.38	\$8,134.79	\$2,707,403.41
Aug, 2031	\$16,357.23	\$8,183.94	\$2,699,219.47
Sep, 2031	\$16,307.78	\$8,233.38	\$2,690,986.09
Oct, 2031	\$16,258.04	\$8,283.13	\$2,682,702.96
Nov, 2031	\$16,208.00	\$8,333.17	\$2,674,369.79
Dec, 2031	\$16,157.65	\$8,383.52	\$2,665,986.27
Jan, 2032	\$16,107.00	\$8,434.17	\$2,657,552.11
Feb, 2032	\$16,056.04	\$8,485.12	\$2,649,066.98
Mar, 2032	\$16,004.78	\$8,536.39	\$2,640,530.59
Apr, 2032	\$15,953.21	\$8,587.96	\$2,631,942.63
May, 2032	\$15,901.32	\$8,639.85	\$2,623,302.78
Jun, 2032	\$15,849.12	\$8,692.05	\$2,614,610.73
Jul, 2032	\$15,796.61	\$8,744.56	\$2,605,866.17
Aug, 2032	\$15,743.77	\$8,797.39	\$2,597,068.78
Sep, 2032	\$15,690.62	\$8,850.54	\$2,588,218.23
Oct, 2032	\$15,637.15	\$8,904.02	\$2,579,314.22
Nov, 2032	\$15,583.36	\$8,957.81	\$2,570,356.40
Dec, 2032	\$15,529.24	\$9,011.93	\$2,561,344.47
Jan, 2033	\$15,474.79	\$9,066.38	\$2,552,278.09
Feb, 2033	\$15,420.01	\$9,121.15	\$2,543,156.94
Mar, 2033	\$15,364.91	\$9,176.26	\$2,533,980.68
Apr, 2033	\$15,309.47	\$9,231.70	\$2,524,748.98
May, 2033	\$15,253.69	\$9,287.48	\$2,515,461.50
Jun, 2033	\$15,197.58	\$9,343.59	\$2,506,117.91
Jul, 2033	\$15,141.13	\$9,400.04	\$2,496,717.87
Aug, 2033	\$15,084.34	\$9,456.83	\$2,487,261.04
Sep, 2033	\$15,027.20	\$9,513.97	\$2,477,747.07
Oct, 2033	\$14,969.72	\$9,571.45	\$2,468,175.63
Nov, 2033	\$14,911.89	\$9,629.27	\$2,458,546.35
Dec, 2033	\$14,853.72	\$9,687.45	\$2,448,858.90
Jan, 2034	\$14,795.19	\$9,745.98	\$2,439,112.92
Feb, 2034	\$14,736.31	\$9,804.86	\$2,429,308.06
Mar, 2034	\$14,677.07	\$9,864.10	\$2,419,443.96
Apr, 2034	\$14,617.47	\$9,923.69	\$2,409,520.27
May, 2034	\$14,557.52	\$9,983.65	\$2,399,536.62
Jun, 2034	\$14,497.20	\$10,043.97	\$2,389,492.65
Jul, 2034	\$14,436.52	\$10,104.65	\$2,379,388.00

Aug, 2034	\$14,375.47	\$10,165.70	\$2,369,222.30
Sep, 2034	\$14,314.05	\$10,227.12	\$2,358,995.18
Oct, 2034	\$14,252.26	\$10,288.91	\$2,348,706.28
Nov, 2034	\$14,190.10	\$10,351.07	\$2,338,355.21
Dec, 2034	\$14,127.56	\$10,413.61	\$2,327,941.60
Jan, 2035	\$14,064.65	\$10,476.52	\$2,317,465.08
Feb, 2035	\$14,001.35	\$10,539.82	\$2,306,925.26
Mar, 2035	\$13,937.67	\$10,603.49	\$2,296,321.77
Apr, 2035	\$13,873.61	\$10,667.56	\$2,285,654.21
May, 2035	\$13,809.16	\$10,732.01	\$2,274,922.20
Jun, 2035	\$13,744.32	\$10,796.85	\$2,264,125.36
Jul, 2035	\$13,679.09	\$10,862.08	\$2,253,263.28
Aug, 2035	\$13,613.47	\$10,927.70	\$2,242,335.58
Sep, 2035	\$13,547.44	\$10,993.72	\$2,231,341.85
Oct, 2035	\$13,481.02	\$11,060.14	\$2,220,281.71
Nov, 2035	\$13,414.20	\$11,126.97	\$2,209,154.74
Dec, 2035	\$13,346.98	\$11,194.19	\$2,197,960.55
Jan, 2036	\$13,279.34	\$11,261.82	\$2,186,698.73
Feb, 2036	\$13,211.30	\$11,329.86	\$2,175,368.86
Mar, 2036	\$13,142.85	\$11,398.31	\$2,163,970.55
Apr, 2036	\$13,073.99	\$11,467.18	\$2,152,503.37
May, 2036	\$13,004.71	\$11,536.46	\$2,140,966.91
Jun, 2036	\$12,935.01	\$11,606.16	\$2,129,360.75
Jul, 2036	\$12,864.89	\$11,676.28	\$2,117,684.47
Aug, 2036	\$12,794.34	\$11,746.82	\$2,105,937.64
Sep, 2036	\$12,723.37	\$11,817.80	\$2,094,119.85
Oct, 2036	\$12,651.97	\$11,889.19	\$2,082,230.65
Nov, 2036	\$12,580.14	\$11,961.02	\$2,070,269.63
Dec, 2036	\$12,507.88	\$12,033.29	\$2,058,236.34
Jan, 2037	\$12,435.18	\$12,105.99	\$2,046,130.35
Feb, 2037	\$12,362.04	\$12,179.13	\$2,033,951.22
Mar, 2037	\$12,288.46	\$12,252.71	\$2,021,698.50
Apr, 2037	\$12,214.43	\$12,326.74	\$2,009,371.76
May, 2037	\$12,139.95	\$12,401.21	\$1,996,970.55
Jun, 2037	\$12,065.03	\$12,476.14	\$1,984,494.41
Jul, 2037	\$11,989.65	\$12,551.51	\$1,971,942.90
Aug, 2037	\$11,913.82	\$12,627.35	\$1,959,315.55
Sep, 2037	\$11,837.53	\$12,703.64	\$1,946,611.91
Oct, 2037	\$11,760.78	\$12,780.39	\$1,933,831.52
Nov, 2037	\$11,683.57	\$12,857.60	\$1,920,973.92
Dec, 2037	\$11,605.88	\$12,935.28	\$1,908,038.64
Jan, 2038	\$11,527.73	\$13,013.44	\$1,895,025.20
Feb, 2038	\$11,449.11	\$13,092.06	\$1,881,933.14
Mar, 2038	\$11,370.01	\$13,171.16	\$1,868,761.99
Apr, 2038	\$11,290.44	\$13,250.73	\$1,855,511.26
May, 2038	\$11,210.38	\$13,330.79	\$1,842,180.47
Jun, 2038	\$11,129.84	\$13,411.33	\$1,828,769.14
Jul, 2038	\$11,048.81	\$13,492.35	\$1,815,276.79
Aug, 2038	\$10,967.30	\$13,573.87	\$1,801,702.91
Sep, 2038	\$10,885.29	\$13,655.88	\$1,788,047.03
Oct, 2038	\$10,802.78	\$13,738.38	\$1,774,308.65
Nov, 2038	\$10,719.78	\$13,821.39	\$1,760,487.26
Dec, 2038	\$10,636.28	\$13,904.89	\$1,746,582.37
Jan, 2039	\$10,552.27	\$13,988.90	\$1,732,593.47
Feb, 2039	\$10,467.75	\$14,073.42	\$1,718,520.06
Mar, 2039	\$10,382.73	\$14,158.44	\$1,704,361.61
Apr, 2039	\$10,297.18	\$14,243.98	\$1,690,117.63
May, 2039	\$10,211.13	\$14,330.04	\$1,675,787.59
Jun, 2039	\$10,124.55	\$14,416.62	\$1,661,370.97
Jul, 2039	\$10,037.45	\$14,503.72	\$1,646,867.25
Aug, 2039	\$9,949.82	\$14,591.35	\$1,632,275.90

Sep, 2039	\$9,861.67	\$14,679.50	\$1,617,596.40
Oct, 2039	\$9,772.98	\$14,768.19	\$1,602,828.21
Nov, 2039	\$9,683.75	\$14,857.41	\$1,587,970.80
Dec, 2039	\$9,593.99	\$14,947.18	\$1,573,023.62
Jan, 2040	\$9,503.68	\$15,037.48	\$1,557,986.14
Feb, 2040	\$9,412.83	\$15,128.34	\$1,542,857.80
Mar, 2040	\$9,321.43	\$15,219.74	\$1,527,638.06
Apr, 2040	\$9,229.48	\$15,311.69	\$1,512,326.38
May, 2040	\$9,136.97	\$15,404.20	\$1,496,922.18
Jun, 2040	\$9,043.90	\$15,497.26	\$1,481,424.92
Jul, 2040	\$8,950.28	\$15,590.89	\$1,465,834.02
Aug, 2040	\$8,856.08	\$15,685.09	\$1,450,148.94
Sep, 2040	\$8,761.32	\$15,779.85	\$1,434,369.08
Oct, 2040	\$8,665.98	\$15,875.19	\$1,418,493.89
Nov, 2040	\$8,570.07	\$15,971.10	\$1,402,522.79
Dec, 2040	\$8,473.58	\$16,067.59	\$1,386,455.20
Jan, 2041	\$8,376.50	\$16,164.67	\$1,370,290.53
Feb, 2041	\$8,278.84	\$16,262.33	\$1,354,028.20
Mar, 2041	\$8,180.59	\$16,360.58	\$1,337,667.62
Apr, 2041	\$8,081.74	\$16,459.43	\$1,321,208.19
May, 2041	\$7,982.30	\$16,558.87	\$1,304,649.33
Jun, 2041	\$7,882.26	\$16,658.91	\$1,287,990.41
Jul, 2041	\$7,781.61	\$16,759.56	\$1,271,230.85
Aug, 2041	\$7,680.35	\$16,860.82	\$1,254,370.04
Sep, 2041	\$7,578.49	\$16,962.68	\$1,237,407.36
Oct, 2041	\$7,476.00	\$17,065.17	\$1,220,342.19
Nov, 2041	\$7,372.90	\$17,168.27	\$1,203,173.92
Dec, 2041	\$7,269.18	\$17,271.99	\$1,185,901.93
Jan, 2042	\$7,164.82	\$17,376.34	\$1,168,525.58
Feb, 2042	\$7,059.84	\$17,481.33	\$1,151,044.26
Mar, 2042	\$6,954.23	\$17,586.94	\$1,133,457.32
Apr, 2042	\$6,847.97	\$17,693.20	\$1,115,764.12
May, 2042	\$6,741.07	\$17,800.09	\$1,097,964.03
Jun, 2042	\$6,633.53	\$17,907.64	\$1,080,056.39
Jul, 2042	\$6,525.34	\$18,015.83	\$1,062,040.56
Aug, 2042	\$6,416.50	\$18,124.67	\$1,043,915.89
Sep, 2042	\$6,306.99	\$18,234.18	\$1,025,681.71
Oct, 2042	\$6,196.83	\$18,344.34	\$1,007,337.37
Nov, 2042	\$6,086.00	\$18,455.17	\$988,882.20
Dec, 2042	\$5,974.50	\$18,566.67	\$970,315.53
Jan, 2043	\$5,862.32	\$18,678.85	\$951,636.68
Feb, 2043	\$5,749.47	\$18,791.70	\$932,844.98
Mar, 2043	\$5,635.94	\$18,905.23	\$913,939.75
Apr, 2043	\$5,521.72	\$19,019.45	\$894,920.30
May, 2043	\$5,406.81	\$19,134.36	\$875,785.95
Jun, 2043	\$5,291.21	\$19,249.96	\$856,535.98
Jul, 2043	\$5,174.90	\$19,366.26	\$837,169.72
Aug, 2043	\$5,057.90	\$19,483.27	\$817,686.45
Sep, 2043	\$4,940.19	\$19,600.98	\$798,085.47
Oct, 2043	\$4,821.77	\$19,719.40	\$778,366.07
Nov, 2043	\$4,702.63	\$19,838.54	\$758,527.53
Dec, 2043	\$4,582.77	\$19,958.40	\$738,569.13
Jan, 2044	\$4,462.19	\$20,078.98	\$718,490.15
Feb, 2044	\$4,340.88	\$20,200.29	\$698,289.86
Mar, 2044	\$4,218.83	\$20,322.33	\$677,967.53
Apr, 2044	\$4,096.05	\$20,445.11	\$657,522.41
May, 2044	\$3,972.53	\$20,568.64	\$636,953.78
Jun, 2044	\$3,848.26	\$20,692.91	\$616,260.87
Jul, 2044	\$3,723.24	\$20,817.93	\$595,442.95
Aug, 2044	\$3,597.47	\$20,943.70	\$574,499.25
Sep, 2044	\$3,470.93	\$21,070.24	\$553,429.01

Oct, 2044	\$3,343.63	\$21,197.53	\$532,231.47
Nov, 2044	\$3,215.57	\$21,325.60	\$510,905.87
Dec, 2044	\$3,086.72	\$21,454.45	\$489,451.43
Jan, 2045	\$2,957.10	\$21,584.07	\$467,867.36
Feb, 2045	\$2,826.70	\$21,714.47	\$446,152.89
Mar, 2045	\$2,695.51	\$21,845.66	\$424,307.23
Apr, 2045	\$2,563.52	\$21,977.65	\$402,329.58
May, 2045	\$2,430.74	\$22,110.43	\$380,219.16
Jun, 2045	\$2,297.16	\$22,244.01	\$357,975.14
Jul, 2045	\$2,162.77	\$22,378.40	\$335,596.74
Aug, 2045	\$2,027.56	\$22,513.60	\$313,083.14
Sep, 2045	\$1,891.54	\$22,649.62	\$290,433.51
Oct, 2045	\$1,754.70	\$22,786.47	\$267,647.05
Nov, 2045	\$1,617.03	\$22,924.13	\$244,722.91
Dec, 2045	\$1,478.53	\$23,062.63	\$221,660.28
Jan, 2046	\$1,339.20	\$23,201.97	\$198,458.31
Feb, 2046	\$1,199.02	\$23,342.15	\$175,116.16
Mar, 2046	\$1,057.99	\$23,483.17	\$151,632.98
Apr, 2046	\$916.12	\$23,625.05	\$128,007.93
May, 2046	\$773.38	\$23,767.79	\$104,240.14
Jun, 2046	\$629.78	\$23,911.38	\$80,328.76
Jul, 2046	\$485.32	\$24,055.85	\$56,272.91
Aug, 2046	\$339.98	\$24,201.19	\$32,071.72
Sep, 2046	\$193.77	\$24,347.40	\$7,724.32
Oct, 2046	\$46.67	\$24,494.50	\$0.00

# **APPENDIX D**

**[ATTACHED]**

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

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## LAND TITLES ACT

### DEMAND MORTGAGE

WHEREAS 1204248 Alberta Inc. (the "Mortgagor") has requested and 772921 Alberta Inc. (the "Mortgagee") has agreed to make available to the Mortgagor certain credit facilities.

Mortgagor being registered as owner, subject to such encumbrances, liens and interests as are notified on the existing Certificate of Title, of those lands located in the Province of Alberta described in the attached Schedule "A" (which, with the buildings and improvements located thereon, are collectively called the "Lands"), IN CONSIDERATION OF the sum of **Four Million Dollars (\$4,000,000)** Dollars (the "**Principal Sum**") of lawful money of Canada lent to the Mortgagor by the Mortgagee c/o Wallace & Carey Inc., 5445 - 8 Street N.E., Calgary, Alberta, T2K 5R9, COVENANTS with the Mortgagee as follows:

#### 1. **REPAYMENT**

The Mortgagor will pay to the Mortgagee at its address noted above, **ON DEMAND**, in lawful money of Canada, the Principal Sum together with interest on all amounts of the Principal Sum remaining unpaid from time to time after the date of this mortgage, both before and after default, at a rate equal to the Bank of Montreal Prime Rate of Interest plus 5% per annum, compounded semi-annually not in advance before and after maturity, default and judgment, with interest on overdue interest at the rate aforesaid. "Prime Rate of Interest" means the prime lending rate charged by the Bank of Montreal, from time to time, to its most creditworthy commercial borrowers. PROVIDED that if such interest rate is held to be indeterminable or unenforceable by the Courts of the Province of Alberta then the rate of 15% per annum shall prevail (the "**Interest Rate**"). These presents are given and taken as general and continuing collateral security and secure the repayment and satisfaction of all amounts owing to the Mortgagee whether present or future, direct or indirect, absolute or contingent, matured or not.

#### 2. **NO MERGER**

The taking of a judgment or judgments under any of the covenants contained in this mortgage or in any other security for payment of the mortgage monies will not operate as a merger of such covenants or of the Mortgagee's security by way of a charge against the Lands or affect the Mortgagee's right to interest at the Interest Rate and at the stipulated times on any monies owing to the Mortgagee under any such covenants. It is distinctly understood and agreed that the Interest Rate will be payable on the amount of any judgment.

#### 3. **TAXES, CLAIMS AND COSTS**

- (a) The Mortgagor will pay all taxes, rates, levies, assessments and impositions of the municipality or any other taxing authority which are now or hereafter levied charged, assessed, imposed or payable against or in respect of the Lands, or on



this mortgage or on the Mortgagee in respect of this mortgage, when the same are due, and will provide the Mortgagee with the receipts therefor.

- (b) The Mortgagor will pay and discharge when due all claims, debts and obligations which by the laws of Canada or Alberta have or might have priority over the security hereby created, and will provide the Mortgagee with the receipts therefor.
- (c) If the Mortgagor fails to pay when due any of the items required to be paid by the Mortgagor pursuant to any provision of this mortgage, including but not limited to those described in paragraphs 3(a), 3(b) and 4(c), the Mortgagee may pay such items.
- (d) If the Mortgagor fails to repair as provided by this mortgage, the Mortgagee may, at such times as it deems necessary and without the concurrence of any other person, make arrangements for maintaining, restoring, repairing, finishing, adding to, or putting in order the Lands and for managing, improving and taking care of them.
- (e) All solicitor's, inspector's, valuator's, surveyor's and other fees and expenses for drawing and registering this mortgage, examining the Lands and the title thereto, and making or maintaining this mortgage a charge on the Lands, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting (including legal costs as between a solicitor and his own client on a full indemnity basis and also an allowance for the time, work and expenses of the Mortgagee or of any agent, solicitor, or servant of the Mortgagee for any purpose herein provided), together with all sums which the Mortgagee from time to time advances, expends or incurs pursuant to any provision contained in this mortgage (including but not limited to paragraphs 3(c), 3(d), 3(e), 4(g), 7(d), 16(c) and 18), whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise, will be added to the Principal Sum, will be secured hereby and will be a charge on the Lands, together with interest thereon at the Interest Rate calculated from the date of advance or expenditure by the Mortgagee to the date of payment to the Mortgagee. All such monies will be payable to the Mortgagee on demand. The Mortgagee will have the right to deduct the amount of any such monies from any advance made to the Mortgagor after the date such expenditures are incurred.

#### 4. INSURANCE

- (a) The Mortgagor will immediately insure and keep insured during the continuance of this security the Lands to their full insurable value, with insurers approved by the Mortgagee, against loss or damage by fire, lightning and such other risks as the Mortgagee requires. The Mortgagor will also obtain such other insurance, of kinds and in amounts required by the Mortgagee, including but not limited to business interruption or rental loss insurance if appropriate. The Mortgagor will not do or permit anything which might impair, reduce or void such insurance.
- (b) The Mortgagor will deliver to the Mortgagee all policies of insurance with a mortgage clause attached, any loss thereunder to be payable to the Mortgagee.
- (c) The Mortgagor will pay all premiums necessary to obtain and maintain such insurance as the same become due and, if requested by the Mortgagee, will immediately deliver to the Mortgagee the receipts therefor. Evidence of the renewal of such insurance will, if requested by the Mortgagee, be provided to the Mortgagee at least seven business days before the existing insurance expires; otherwise the Mortgagee may insure as herein provided.
- (d) If there is loss or damage from any of the risks insured against, the Mortgagor will furnish proof of loss at its own expense and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies. In respect of any such insurance monies received by the Mortgagee the Mortgagee may at its option:
  - (i) apply the same in or towards substantially rebuilding, reinstating or repairing the Lands; or
  - (ii) apply the same in or towards payment of any principal, interest or other monies owing under this mortgage; or
  - (iii) pay the same in whole or in part to the Mortgagor, but no such payment will operate as payment or a novation of the Mortgagor's indebtedness hereunder or as a reduction of this Mortgage; or
  - (iv) apply the same partly in one way and partly in another as the Mortgagee in its sole discretion determines.

To ensure that the Mortgagee may so apply such insurance monies in the manner aforesaid, the Mortgagor assigns and releases to the Mortgagee all rights of the Mortgagor to receive the insurance monies and expressly waives all rights and benefits, to the extent that the same is permitted by law, pursuant to any legislation which provides for a contrary application of such insurance monies.

- (e) The Mortgagor hereby constitutes and appoints the Mortgagee as its attorney for the purpose of demanding, recovering and receiving payment of all insurance monies to which it becomes entitled. Without limiting the generality of the foregoing, the Mortgagee may, in the name of the Mortgagor, file proofs of claim

with any insurer who insures the Lands, settle or compromise any claim for insurance proceeds in respect of the Lands, commence and prosecute any action for recovery of insurance proceeds in respect of the Lands, and settle or compromise any such action. Notwithstanding the foregoing, it will remain the Mortgagor's responsibility to demand, recover and receive such payments. Nothing herein will render the Mortgagee liable to the Mortgagor for any act done by it in pursuance of this power of attorney or for its failure to do any act or take any step in relation thereto.

- (f) Pending application of any insurance monies by the Mortgagee, the same will be deemed to form part of the Lands and be subject to the charge hereby created.
- (g) If the Mortgagor fails to keep the Lands insured as aforesaid or to pay the said premiums and amounts necessary for such purpose or to deliver the policies or receipts as aforesaid then the Mortgagee will have the right to insure the Lands in the manner aforesaid.

**5. IMPROVEMENTS TO BE FIXTURES**

All improvements, fixed or otherwise, now on or hereafter put on the Lands (including but not limited to all buildings, erections, mobile homes, machinery, plants, fences, furnaces, boilers, water heaters, heating, plumbing, air conditioning, cooking, refrigerating, ventilating, lighting and water-heating equipment, blinds, windows, doors and all apparatus and equipment appurtenant thereto, whether movable or stationary, with the proper, usual and necessary gears, construction and appliances) are and will, in addition to other fixtures thereon, be and become fixtures and become part of the realty and of the security and are included in the expression the "Lands".

**6. USE OF THE LANDS**

- (a) The Mortgagor will not commit or permit any act of waste on the Lands or do or permit anything which might impair their value.
- (b) The Mortgagor will sufficiently repair, maintain, restore, amend and keep the Lands in good and substantial repair.
- (c) The Mortgagee by its agents, solicitors or inspectors may enter on the Lands at any reasonable time to view their state of repair.
- (d) If in the opinion of the Mortgagee the Lands are not in a proper state of repair it may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a time limited by such notice. If the Mortgagor fails to comply with such notice such failure will constitute a breach of covenant hereunder. In such case the Mortgagee or its agents, employees or contractors may enter on the Lands and repair as provided in this mortgage and will have the right to exercise all the remedies available to the Mortgagee.

- (e) The Mortgagor will not make, or permit to be made, any alterations or additions to the Lands, or change their present use without the consent of the Mortgagee. If the Mortgagor is operating a business on the Lands the Mortgagor will not change the nature of such business without the prior written consent of the Mortgagee.
- (f) If the Mortgagor rents out the Lands, the Mortgagor will perform all landlord's covenants under any leases. The Mortgagor will neither do, neglect to do, nor permit to be done, anything (other than pursuing the enforcement of the terms of such leases in accordance with the terms thereof) which may cause a material modification or termination of any leases or which may diminish the value of any leases, the rents provided for therein, or the interest of the Mortgagor or Mortgagee therein. The Mortgagor will not assign its interest in any leases or collect more than one monthly rental instalment in advance without the prior written consent of the Mortgagee. The Mortgagor will give the Mortgagee immediate notice of any material default or notice of cancellation under any such leases.
- (g) In its ownership, operation and management of the Lands the Mortgagor will observe and comply with all applicable federal, provincial and municipal by-laws, statutes, ordinances, regulations, orders and restrictions including but not limited to those referred to in paragraph 7 and all health, fire, safety and land use by-laws and building codes.

**7. CARE OF THE LANDS**

- (a) In this mortgage:
  - (i) "environment" includes the Lands and surroundings;
  - (ii) "pollutant" means any substance, class of substances, mixture of substances, form of energy or combination thereof that is capable of entering the environment in a quantity or concentration or under conditions that may cause an immediate or long term adverse effect, and includes anything defined as a hazardous substance, hazardous waste, toxic substance, dangerous goods, hazardous chemical, contaminant, or agricultural chemical under any federal, provincial or municipal laws or by-laws now or hereafter in force; and
  - (iii) "release" includes the noun or verb form of spill, discharge, spray, inject, abandon, deposit, leak, seep, pour, emit, empty, throw, dump, place, exhaust and words of like or similar meaning.
- (b) Neither the Mortgagor, nor, to the knowledge of the Mortgagor after diligent inquiry and investigation, any other person, has ever caused or permitted any pollutant to be placed, handled, stored or disposed of on, under or at the Lands, or on, under or at adjacent lands, except as disclosed to the Mortgagee in writing.

- (c) The Mortgagor will not allow any pollutant to be placed, handled, stored or disposed of on, under or at the Lands without the prior written consent of the Mortgagee, which consent may be arbitrarily or unreasonably withheld.
- (d) To the extent that any pollutant is placed, handled, stored or disposed of on, under or at the Lands:
  - (i) the Mortgagor has, and will continue to have, all necessary federal, provincial and municipal licenses, certificates and permits and is and will continue to be in compliance with all applicable federal, provincial and municipal laws and by-laws;
  - (ii) the Mortgagor will not cause or permit to exist, as a result of an intentional or unintentional act or omission on its part (or on the part of its agents, contractors or any other person or entity for whose acts or omissions it is responsible), a release of any pollutant on, under or at the Lands, unless such release is pursuant to and in compliance with the conditions of a permit issued by the appropriate governmental authority;
  - (iii) if the Mortgagor receives any verbal or written notice of an unauthorized release, or any complaint, order, citation or notice with regard to a release or any other environmental, health or safety matter affecting the Lands ("environmental complaint") from any person or entity, including without limitation Alberta Environment or Environment Canada, then the Mortgagor will give immediate oral and written notice (with a copy of the environmental complaint) of such release to the Mortgagee;
  - (iv) the Mortgagor will promptly take all necessary remedial action in response to the unauthorized release; provided, however, that the Mortgagor will not, without the Mortgagee's prior written consent, take any such remedial action nor enter into any settlement agreement, consent decree, or other compromise in respect of any related claims, proceedings, lawsuits or action commenced or threatened pursuant to any environmental, health or safety laws or in connection with any third party, if such remedial action, settlement, consent or compromise might impair the value of the Mortgagee's security hereunder. The Mortgagee's prior consent will not, however, be necessary if the release either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain the Mortgagee's consent prior to undertaking such action. If the Mortgagor undertakes any remedial action the Mortgagor will immediately notify the Mortgagee of any such remedial action in compliance with all applicable federal, provincial and municipal laws and by-laws, and in accordance with the orders and directives of all governmental authorities to the satisfaction of the Mortgagee;

- (v) in addition to and not in limitation of the Mortgagee's rights under this mortgage, the Mortgagee will have the right to take such actions, including without limitation hiring consultants and undertaking sampling and testing, as it deems necessary or advisable to remedy, remove, resolve or minimize the impact of, or otherwise deal with, any pollutant or environmental complaint upon its receipt of any notice from any person or entity, including without limitation Alberta Environment or Environment Canada, asserting the happening of an unauthorized release on, under or at the Lands which, if true, could result in any order, suit or other action against the Mortgagor or Mortgagee or any part of the Lands by any governmental agency or otherwise which, in the sole opinion of the Mortgagee, could jeopardize its security under this mortgage. All costs and expenses incurred by the Mortgagee in the exercise of any such rights will be added to the Principal Sum and will be payable by the Mortgagor upon demand;
  - (vi) the Mortgagee may require that the Mortgagor from time to time promptly cause such tests and procedures as the Mortgagee deems appropriate to be conducted by professionals in a manner satisfactory to the Mortgagee, for the purpose of assuring compliance with all federal, provincial and municipal laws and by-laws, and having such compliance certified to the Mortgagee. Such tests and procedures will be commenced promptly and completed with results reported to the Mortgagee within thirty days following written notice from the Mortgagee. All costs incurred in respect of such procedures will be paid by the Mortgagor. If the Mortgagee incurs any expense in respect thereof the amount thereof will be added to the Principal Sum and the Mortgagor will reimburse the Mortgagee for all such sums upon demand; and
  - (vii) the Mortgagor agrees to defend, indemnify, and hold the Mortgagee harmless from and against any and all claims, losses, liabilities, damages and expenses (including, without limitation, legal costs as between a solicitor and his own client on a full indemnity basis, including those arising by reason of any of the aforesaid or an action under this indemnity) arising directly or indirectly from, out of or by reason of any release, environmental complaint, or any environmental health, fire, safety, and land use law governing the Mortgagor, its operations or the Lands. This indemnity will not apply to the extent of any negligent or other contributory conduct by or on the part of the Mortgagee or any one or more other parties or third parties and will survive the payment of and the satisfaction of this mortgage.
- (e) Without restricting the generality of the foregoing, if gasoline or other storage tanks are located on, under, or at the Lands, the Mortgagor will:
- (i) maintain and repair such storage tanks in compliance with applicable laws, including the Fire Code, and

- (ii) at the request of the Mortgagee, as additional security assign to the Mortgagee any warranties or guarantees received from the manufacturer or installer of such storage tanks.
- (f) Upon request from the Mortgagee, the Mortgagor will:
  - (i) provide the Mortgagee with all information which the Mortgagee reasonably requests as to the proposed use of the Lands by any tenant; and
  - (ii) incorporate into any proposed lease any provisions which the Mortgagee requires to be incorporated.

## 8. CONSTRUCTION

If the Principal Sum is to be advanced from time to time upon the progress of construction of buildings or other improvements which are to be erected on the Lands, then:

- (a) such buildings or improvements will form part of the security for the full amount of the monies secured by this mortgage;
- (b) the Mortgagor will construct such buildings or improvements in accordance with plans and specifications which have been or are hereafter approved by the Mortgagee and will diligently carry on the completion of the same;
- (c) the Mortgagee may pay any builders' liens which may exist or be claimed and it will not be liable or responsible to determine the validity or correctness of any such claim;
- (d) if the Mortgagor fails to complete such buildings or improvements with reasonable diligence:
  - (i) the Mortgagee may, without notice to the Mortgagor, enter upon the Lands and take possession thereof with power to carry on the completion of such buildings or improvements and with discretion to alter the plans and specifications if it deems necessary in order to complete the same; and
  - (ii) if the Mortgagee is unable to complete the same properly with the amount of the Principal Sum, the Mortgagee may in its sole discretion advance such further monies as may be required.

## 9. COVENANTS UNDER THE LAND TITLES ACT

- (a) The Mortgagor has a good title to the Lands;
- (b) The Mortgagor has the right to mortgage the Lands;
- (c) On default the Mortgagee will have quiet possession of the Lands;

- (d) The Lands are free from all encumbrances except as noted on the Certificate of Title thereto;
- (e) The Mortgagor will execute such further assurances of the Lands as may be required by the Mortgagee; and
- (f) The Mortgagor has done no act to encumber the Lands except as noted on the Certificate of Title thereto.

#### 10. **DEFAULT AND ACCELERATION**

Without limiting in any way the demand nature of this mortgage and the ability of the Mortgagee to at any time demand payment of the unpaid balance of the Principal Sum and all other amounts secured hereby, the unpaid balance of the Principal Sum, interest and other monies secured by this Mortgage will, at the option of the Mortgagee, immediately become due whether with or without prior demand therefor and without any days of grace being allowed to the Mortgagor, and the security of this mortgage will immediately become enforceable and may be enforced without the requirement of any or any further notice of default or non-payment from the Mortgagee to the Mortgagor, in each of the following events:

- (a) the Mortgagor defaults in payment of any amount due and owing to the Mortgagee, whether or not provided for herein;
- (b) the Mortgagor defaults in the observance or performance of any obligation, covenant or liability of the Mortgagor to the Mortgagee, whether contained herein or in another security or agreement executed and delivered by the Mortgagor to the Mortgagee;
- (c) any warranty, representation or statement made or furnished to the Mortgagee by or on behalf of the Mortgagor in respect of the Lands or the Mortgagor proves to have been false or misleading in any material respect when made or furnished;
- (d) if the Lands are capable of generating income and there is loss or damage to them which materially adversely affects their income-generating ability in the reasonable opinion of the Mortgagee, and such loss or damage cannot be repaired or replaced so as to re-establish the income-generating ability of the Lands within a reasonable time and in any case within ninety days following such loss or damage;
- (e) there is a seizure or attachment to or on the Lands which materially adversely affects their income-generating ability, in the reasonable opinion of the Mortgagee, which is not removed or satisfied within thirty days;
- (f) any charge or encumbrance created or issued by the Mortgagor in the nature of a floating charge becomes enforceable and any step is taken to enforce the same;



- (g) an order is made, an effective resolution passed or a petition is filed for the winding up of the Mortgagor, or a receiver of the Mortgagor or the Lands is appointed;
- (h) the Mortgagor becomes insolvent, makes a general assignment for the benefit of its creditors or otherwise acknowledges insolvency, or a bankruptcy petition or receiving order is filed or made against the Mortgagor;
- (i) the Mortgagor ceases or threatens to cease to carry on its business, makes a bulk sale of its assets or commits or threatens to commit any act of bankruptcy;
- (j) any other mortgagee, encumbrancee or other party having a charge on the Lands commences proceedings to enforce its rights or security in such mortgage, encumbrance or charge or takes steps to collect all or any of the income generated from the Lands;
- (k) the Mortgagor grants or attempts to grant any form of security to any person other than the Mortgagee ranking or purporting to rank in priority to or equally with the security held by the Mortgagee on the Lands;
- (l) the Mortgagor abandons the Lands; or
- (m) if the Mortgagor operates a business on the Lands, it fails to maintain and operate such business as a going concern in a prudent and businesslike manner to the reasonable satisfaction of the Mortgagee.

## 11. **POWER OF ATTORNEY**

Forthwith upon the Mortgagee making any demand for payment upon the Mortgagor or otherwise, upon the occurrence of an event of default pursuant to paragraph 10, the following power of attorney will take effect: the Mortgagor hereby irrevocably appoints the Mortgagee, or such person or corporation as may be designated by the Mortgagee, as attorney on behalf of the Mortgagor to sell, lease, mortgage or otherwise dispose of or encumber the Lands, and to execute all instruments and do all acts, matters and things that may be necessary or convenient for carrying out the powers hereby given and for the recovery of all sums of money owing for or in respect of the Lands, and for the enforcement of all contracts and covenants in respect of the Lands, and for the taking and maintaining of possession of and the protection and preservation of the Lands.

## 12. **RIGHT TO SEIZE**

If the Mortgagor defaults in performing or fulfilling any of the covenants set forth in this mortgage it will be lawful for, and the Mortgagor hereby grants full power and licence to, the Mortgagee to enter, seize and distraint upon the Lands, and by distress warrant to recover by way of rent reserved as in the case of a demise of the Lands as much of the Principal Sum, interest and other monies as is from time to time in arrears, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent.

13. **APPOINTMENT OF RECEIVER OR RECEIVER-MANAGER**

(a) At any time when there is default under any of the provisions of this mortgage the Mortgagee may, with or without entering into possession of the Lands, appoint in writing a receiver or a receiver-manager (the "Receiver") of the Lands and of the rents and revenues therefrom with or without security. The Mortgagee may from time to time by similar writing remove any Receiver and appoint another in its place. In making any such appointment or removal the Mortgagee will be deemed to be acting as agent or attorney for the Mortgagor. The statutory declaration of an officer of the Mortgagee as to the existence of such default will be conclusive evidence of such default. Every Receiver will be the irrevocable assignee or attorney of the Mortgagor for the collection of all rents falling due in respect of the Lands. Every Receiver may, in the discretion of the Mortgagee exercised in writing, be vested with all or any powers and discretions of the Mortgagee. The Mortgagee may from time to time fix the remuneration of every Receiver, who will be entitled to deduct the same from the income or proceeds of sale of the Lands. Every Receiver will, as far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent of the Mortgagee. The appointment of every Receiver by the Mortgagee will not incur or create any liability on the part of the Mortgagee to the Receiver in any respect. Such appointment or anything which may be done by the Receiver or the removal of any Receiver or the termination of any receivership will not have the effect of constituting the Mortgagee a mortgagee in possession of the Lands. Every Receiver will from time to time have the power to rent any portion of the Lands which may become vacant for such term and subject to such provisions as it may deem advisable or expedient. In so doing every Receiver will act as the attorney or agent of the Mortgagor and will have the authority to execute any lease of any such premises in the name of and on behalf of the Mortgagor. The Mortgagor undertakes to ratify and confirm whatever any Receiver does in respect of the Lands. Every Receiver will have full power to manage, operate, amend, repair, alter or extend the Lands in the name of the Mortgagor for all purposes including securing the payment of rental for the Lands. In exercising such powers the Receiver will have all incidental powers, including the power to borrow such funds as may be required in connection therewith. No Receiver will be liable to the Mortgagor to account for monies or damages other than cash received by it in respect of the Lands. Out of such cash so received every Receiver will in the following order pay:

- (i) its remuneration;
- (ii) all payments made or incurred by it in connection with the management, operation, amendment, repair, alteration or extension of the Lands; then
- (iii) interest, principal and other money which may from time to time be charged upon the Lands in priority to this mortgage, and all taxes, insurance premiums and every other expenditure made or incurred by it in respect of the Lands.

- (b) Notwithstanding the provisions of subparagraph 13(a) above and in addition to the right of private appointment contained therein, the Mortgagee will have the right to apply to a court of competent jurisdiction for the appointment of a receiver or a receiver-manager, whether such application is made prior to or after the appointment of a Receiver pursuant to subparagraph 13(a). The right to apply to a court for the appointment of a receiver or receiver-manager may be exercised at any time by the Mortgagee in its sole discretion.

#### 14. DUE ON SALE

Without limiting in any way the demand nature of this mortgage and the ability of the Mortgagee to at any time demand payment of the unpaid balance of the Principal Sum and all other amounts secured hereby, if, without the prior written consent of the Mortgagee:

- (a) the Mortgagor sells, conveys, transfers or assigns all or any part of its interest in the Lands; or
- (b) where the Mortgagor is a corporation, there is a change in the control of such corporation;

then the full amount then secured by this mortgage will, at the option of the Mortgagee, become immediately due and payable upon notice to the Mortgagor. For the purposes of this clause:

- (c) a change of control of a corporation will be deemed to occur if:
  - (i) there is a change of control in fact of the corporation within the meaning of section 256(5.1) and related sections of the *Income Tax Act* (Canada); or
  - (ii) more than 10% of the issued shares of the corporation carrying voting rights in respect of the election of directors of the corporation become owned by a body corporate, person or group of persons other than that or those which own or owns the issued voting shares in the corporation as at the date of this mortgage.
- (d) the giving or withholding of consent will be solely within the Mortgagee's discretion. As a condition of consent the Mortgagee may require or impose such conditions as it sees fit, including but not limited to the requirement that any purchaser, transferee or assignee execute an assumption agreement in favour of the Mortgagee on such terms and conditions as the Mortgagee requires.

#### 15. ASSIGNMENT OF RENTALS

As further security to the Mortgagee for repayment as aforesaid, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee all rents and other revenues from the Lands now or hereafter due or to become due, provided that:

- (a) the Mortgagor will be entitled to receive and recover such rents and other revenues until default under this mortgage;
- (b) if the Mortgagor defaults, all monies received by the Mortgagor in respect of the Lands after the default will be received by the Mortgagor in trust for the Mortgagee. Immediately after receiving such monies the Mortgagor will pay them to the Mortgagee;
- (c) the Mortgagee will have no obligation to collect any such rents or other revenues at any time and will be liable only for monies actually received;
- (d) nothing contained in this clause nor the exercise by the Mortgagee of any rights or remedies arising herefrom will place or be deemed to place the Mortgagee in possession of the Lands;
- (e) neither this assignment, nor the collection of rents pursuant to it, will be construed as a recognition or acceptance of any lease with respect to the Lands;
- (f) the Mortgagor will not accept any rents in excess of one monthly instalment in advance;
- (g) whenever requested by the Mortgagee the Mortgagor will assign to the Mortgagee its interest in each specific lease of the Lands and will execute such further specific or general assignments as may be requested by the Mortgagee from time to time; and
- (h) the Mortgagee or its agents may separately register this assignment wherever the Mortgagee in its discretion deems appropriate.

16. **CONDOMINIUM**

If the Lands are or hereafter become subject to a condominium plan duly created pursuant to the provisions of the *Condominium Property Act* (Alberta) (which, as amended from time to time, together with any legislation substituted therefor is herein collectively called the "Act"), then:

- (a) the Mortgagor fully and absolutely assigns, transfers and sets over to the Mortgagee all of the Mortgagor's voting rights now existing or which may hereafter come into existence with respect to the Lands and with respect to the Condominium Corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit or units being charged by this mortgage (the "Condominium Corporation"), whether such voting rights arise under the Act, under the By-laws of the Condominium Corporation, under any agreement with the Condominium Corporation, or otherwise howsoever. The Mortgagor will execute any documentation which in the sole opinion of the Mortgagee is necessary or advisable to give full effect to the foregoing. However, if the Mortgagee is not present in person or by proxy, or, if present, does not wish

to vote, then the Mortgagor may without further authority exercise all voting rights other than the right to vote on any matter requiring a unanimous resolution;

- (b) notwithstanding anything to the contrary herein contained:
  - (i) the Mortgagor will observe and perform every covenant and provision required to be performed under or pursuant to the terms of this mortgage, the Act, the By-laws of the Condominium Corporation in effect from time to time, and under any agreement between the Mortgagor and the Condominium Corporation; and
  - (ii) without limiting the generality of the preceding subparagraph, the Mortgagor will pay promptly when due all assessments, instalments or payments owing by it to the Condominium Corporation.
- (c) where the Mortgagor defaults in the Mortgagor's obligations to contribute to the common expenses assessed or levied by the Condominium Corporation or any authorized agent on its behalf, or any assessment, instalment or payment owing to the Condominium Corporation, or upon breach of any covenant or provision contained in this section, then regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor may pay such contribution owing to the Condominium Corporation or rectify any such default or breach by the Mortgagor.

17. **SUBROGATION**

The Mortgagee may pay off any charges or encumbrances against the Lands and in such cases will be subrogated to the rights of, stand in the position of, and be entitled to all the equities of the person so paid off whether the same are or are not discharged.

18. **PRIOR CHARGE**

If the Mortgagor defaults in the performance of any covenants, payments or conditions contained in any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may acquire priority to this mortgage (any and all of which are herein called the "**Prior Charge**") then such default will constitute a default under this mortgage and the full amount then secured by this mortgage will, at the option of the Mortgagee, become immediately due and payable without notice or demand. The Mortgagee will be entitled to pay any arrears or other sums payable under the Prior Charge, or to pay off all or any portion of the amount thereby secured. For the purposes of tendering any arrears or other sums payable to a holder of a Prior Charge, the Mortgagor hereby irrevocably appoints the Mortgagee its agent and irrevocably directs the Mortgagee to tender such monies upon the holder of a Prior Charge in the name of and on behalf of the Mortgagor. In the event of default under the Prior Charge, to the extent necessary to permit the Mortgagee to exercise any equity of redemption thereunder, and without depriving the Mortgagor of such equity of redemption, the Mortgagor hereby assigns to the Mortgagee its equity of

redemption, if any, with respect to the Prior Charge, together with the statutory right of redemption given to the Mortgagor by the provisions of Section 39 of the *Law of Property Act* (Alberta), as in force and amended from time to time. It is the intention of the parties that the Mortgagee will have the same rights and powers, but not the liabilities, as the Mortgagor under and pursuant to the terms of the Prior Charge so that the Mortgagee will be in a position to take whatever steps are necessary to bring the Prior Charge into good standing once default has occurred thereunder. This assignment is not intended to encompass the Mortgagor's entire interest in the Prior Charge, but only to the extent above stipulated. Nothing herein contained will create any obligation on the Mortgagee to cure any default on behalf of the Mortgagor.

19. **PARTIAL RELEASE**

The Mortgagee may release any part of the Lands at any time at its discretion, or may release any person from this mortgage or from any of the covenants herein contained or contained in any collateral security, either with or without any consideration therefor, without responsibility therefor and without releasing any other part of the Lands, any other person or any collateral security.

20. **ATTORNMENT**

For better securing the punctual payment of the sum secured by this mortgage the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Lands at a monthly rental equivalent to the amount of interest accrued on the outstanding Principal Sum during such month, the same to be paid on demand. If any judgment, execution or attachment is issued against any of the Mortgagor's goods or lands or if the Mortgagor becomes insolvent or bankrupt or commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any legislation substituted therefor or takes the benefit of any statute relating to bankrupt or insolvent debtors then such rental, together with the rental for the next two months, will, without demand, be payable immediately. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor. Neither this clause, nor anything done by virtue hereof, will render the Mortgagee a mortgagee in possession or accountable for any monies except those actually received. The Mortgagee may at any time after default hereunder enter on the Lands and determine the tenancy hereby created without giving any notice to quit.

21. **MORTGAGEE IN POSSESSION**

If the Mortgagee exercises any of its rights hereunder, or goes into possession of the Lands for any purpose under the powers conferred upon it by this mortgage or by law, it will not be deemed to be a mortgagee in possession nor responsible in any way for anything other than monies actually received by it.

22. **APPROPRIATION OF PAYMENTS**

Any payments made by the Mortgagor on account of this mortgage will be applied firstly to interest calculated as aforesaid on so much of the Principal Sum as from time to time

remains unpaid and the balance, if any, of any payments will be applied on account of the Principal Sum; except, however, in the case of default by the Mortgagor, in which case the Mortgagee may apply any payments received during the period of default in whatever order it may elect as between the Principal Sum, interest or other monies secured by this mortgage.

**23. EXPROPRIATION AND CONDEMNATION**

- (a) Notwithstanding anything to the contrary contained herein, if the Mortgagee receives a notice of intention to expropriate (as referred to in the Expropriation Act (Alberta)) the Lands or the estate or interest of the Mortgagee in the Lands, or the Lands are condemned by any authority having jurisdiction in that regard, then the Principal Sum, interest and other monies hereby secured will at the option of the Mortgagee automatically become due in full on demand by the Mortgagee.
- (b) The damages, proceeds, consideration and award, whether awarded by the Land Compensation Board, the Surface Rights Board, a court or otherwise, resulting from any expropriation are, to the extent of the full amount of the monies and obligations secured by this mortgage and remaining unpaid on the date of such expropriation, hereby assigned by the Mortgagor to the Mortgagee and will be paid immediately to the Mortgagee.
- (c) The Mortgagor acknowledges that it is aware of the provisions of Sections 49 and 52 of the Expropriation Act (Alberta), and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof. The Mortgagor covenants to pay to the Mortgagee the difference between the amount owing under this mortgage and the monies paid by the expropriating authority to the Mortgagee, together with interest thereon at the Interest Rate both before and after maturity, default, acceleration and the obtaining of any judgment by the Mortgagee.

**24. GENERAL CLAUSES**

- (a) Any notice required or permitted to be given to the Mortgagor in connection with this mortgage may be delivered or mailed to it by registered mail addressed to it at its last address as shown on the records of the Mortgagee. Such notice will be conclusively deemed to have been received on the date of delivery or three business days after the date of mailing. No want of notice or publication when required by this mortgage or by any statute, nor any impropriety or irregularity, will invalidate any sale made or purported to be made under this mortgage.
- (b) Whenever the Mortgagee is given the right, permission or discretion to take some step or to exercise some remedy pursuant to this mortgage, the Mortgagee will have no obligation to exercise or act on the right, permission, discretion or to do anything whatever pursuant thereto. The Mortgagee will have no liability whatsoever for choosing not to exercise or act, in whole or in part, on such right, permission, discretion or remedy.

- (c) No waiver by the Mortgagee of the performance of any covenant, proviso, condition or agreement herein contained will take effect or be binding on the Mortgagee unless the same is in writing from the Mortgagee or its duly authorized agent. Such waiver will not nullify such covenant, proviso, condition or agreement, affect its future enforcement or be a waiver of any subsequent breach of the same.
- (d) A default in the due observance or performance by the Mortgagor of any of its covenants contained in any promissory notes, collateral security or securities which may now or at any time be held or taken by the Mortgagee in respect of the monies secured hereby will in addition to its usual effect have the same effect and give rise to the same rights and remedies as a default under the terms of this mortgage. If the Mortgagee becomes entitled to take legal proceedings of any nature whatsoever against the Mortgagor in respect of this mortgage or in respect of any of the said promissory notes or securities, the Mortgagee may either concurrently with such suit, successively or otherwise pursue any or all of its other remedies. If the Mortgagee pursues one or other of the said remedies this will not constitute an election by the Mortgagee to abandon any of the other remedies.
- (e) Neither the execution nor registration of this mortgage nor the advance or re-advance of all or any part of the monies hereby intended to be secured will bind the Mortgagee to advance or re-advance the said monies or any unadvanced part thereof. The advance or re-advance of the said monies or any part thereof from time to time will be in the sole discretion of the Mortgagee. The lien and charge hereby created will take effect immediately on the execution of this mortgage and will be a continuous charge for the full amount of the monies secured by this mortgage, notwithstanding that the balance owing may fluctuate, may from time to time be reduced to a nil balance, or that monies advanced may be repaid and further advances made.
- (f) If the Mortgagor is a body corporate it will maintain its separate corporate existence and do all such things as are required in order to permit it to carry on its business.
- (g) If the Mortgagor operates a business on the Lands or otherwise derives revenue therefrom the Mortgagor will:
  - (i) maintain proper records and books of account with respect to revenue and expenses related to the Lands. The Mortgagor will allow the Mortgagee's representatives at all reasonable times to inspect all such records and books of account as such representatives may deem necessary;
  - (ii) maintain an operating account at a branch of the Mortgagee; and
  - (iii) provide to the Mortgagee:
    - (A) financial statements for the Mortgagor on a quarterly basis, and



- (B) such other information, financial or otherwise, as to the business and affairs of the Mortgagor, in relation to the Mortgagor being able to observe and perform its obligations to the Mortgagee under this mortgage, as the Mortgagee from time to time reasonably requests.
- (h) The Mortgagor will fulfil or comply with such additional terms, conditions and covenants, if any, as are contained on any Schedules to this mortgage.

**25. REVOLVING CREDIT**

For the purposes of Section 104(2) of the *Land Titles Act* (Alberta), as amended or replaced from time to time, it is hereby declared by and agreed between the Mortgagor and the Mortgagee that this mortgage may be held by the Mortgagee as security for a revolving line of credit up to a specific Principal Sum equal to the sum identified in paragraph 1 of this mortgage as being the Principal Sum lent or to be lent to the Mortgagor.

As security for the present and future direct obligations and liabilities of the Mortgagor to the Mortgagee howsoever arising, the Mortgagor hereby charges and mortgages in favour of the Mortgagee its right, title and interest in and to the Lands.

**26. INTERPRETATION**

- (a) If the context so requires, wherever the neuter is used it will include the feminine and masculine, and wherever the singular is used it will include the plural.
- (b) Wherever the word "Lands" is used it will be deemed to include the phrase "or any part thereof" where the context so permits.
- (c) If more than one person or other legal entity signs this mortgage as Mortgagor, then all covenants and stipulations herein contained or implied will apply to and be binding upon all signatories jointly and severally; provided always, and it is expressly agreed, that all covenants, provisos, powers, privileges and licences herein expressed or implied will be binding upon and enure to the benefit of the respective legal personal representatives, successors and permitted assigns of the Mortgagor and the Mortgagee.
- (d) The provisions contained in any schedules to this mortgage are incorporated by reference and form a part of this mortgage as fully as if set out in the body of this mortgage. The covenants and obligations of the Mortgagor and the rights and remedies of the Mortgagee contained in this mortgage are in addition to those granted or implied by statute or otherwise imposed or granted by law.
- (e) If any provision of this mortgage is held to be invalid or unenforceable by a Court of competent jurisdiction it will be deemed to have been deleted from the mortgage and the remaining provisions of this mortgage will continue in full force and effect and be enforced to the greatest extent permitted by law.

- (f) The headings contained in this mortgage are inserted for ease of reference only and will not be construed so as to limit or restrict the obligations of the Mortgagor or the rights and remedies of the Mortgagee.
- (g) This mortgage may be granted pursuant to or in connection with a commitment letter, loan agreement or other agreement or security entered into by the Mortgagor with the Mortgagee. In such case neither the execution nor registration of this mortgage or any additional or other security or documentation will act as a merger of or otherwise affect the enforceability thereof or hereof. All agreements and securities now or hereafter entered into by the Mortgagor with or in favour of the Mortgagee, whether related to the within transaction or otherwise, will be in addition to and not in substitution for any agreements or securities previously granted, unless expressly provided to the contrary therein.

27. **CHARGE**

For better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum, interest and other monies hereby secured, and for the due performance by the Mortgagor of all of the covenants, provisos and conditions herein expressed or implied, the Mortgagor hereby mortgages to the Mortgagee all its estate and interest in the Lands. ✓

28. **RENEWAL, EXTENSION OR AMENDMENT**

If the Mortgagee agrees to renew, extend or amend this mortgage, such renewal, extension or amending agreement need not be registered against the title to the Lands. Such agreement will be binding upon the Mortgagor, its assignees and all subsequent mortgagees, encumbrancers or other parties claiming an interest in the Lands. Such agreement will take priority as against such assignees and subsequent mortgagees, encumbrancers and other parties. It will not be necessary to register such agreement in order to retain the priority of this mortgage so altered; provided however that the Mortgagee may at any time, in its discretion, register such agreement or a caveat pursuant to such agreement. It is expressly acknowledged that such agreement may increase the rate of interest chargeable hereunder.

29. **DISCHARGE**

The Mortgagee will have a reasonable time after receipt of payment in full to provide the Mortgagor with a registrable discharge of this mortgage. All costs related to such discharge will be borne by the Mortgagor to the extent permitted by law.

30. **ADDITIONAL PROVISIONS**

This mortgage is subject to the additional provisions set forth in Schedule "A" hereto which form a part of this mortgage.

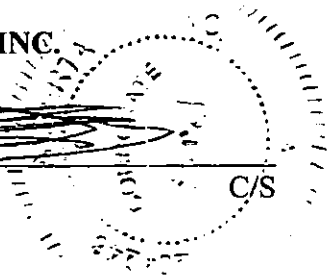
IN WITNESS WHEREOF the Mortgagor has executed this mortgage as of the 25 day of November, 2005.

1204248 ALBERTA INC.

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

Name:

Title:



**SCHEDULE "A"**

**LANDS**

Plan 5235 JK

Block A

Excepting thereout all mines and minerals.



051463483

051463483 REGISTERED 2005 12 06  
MORT - MORTGAGE  
DOC 2 OF 3 DRP#: 2105184 ADR/ABARTLET  
LINC/S: 0019265678

# **APPENDIX E**

**[ATTACHED]**

## 772921 Alberta Inc.

TB3

Year End: October 27, 2023

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Annotation
1021088 CIBC BANK	79,308.25	0.00	0.00	79,308.25	
<b>11.01 Cash</b>	<b>79,308.25</b>	<b>0.00</b>	<b>0.00</b>	<b>79,308.25</b>	
1070088 ACCOUNTS RECEIVABLE	69,533.84	0.00	0.00	69,533.84	
<b>11.02 Accounts receivable</b>	<b>69,533.84</b>	<b>0.00</b>	<b>0.00</b>	<b>69,533.84</b>	
1450088 PREPAID EXPENSE	14,981.45	0.00	0.00	14,981.45	
<b>11.07 Prepaid expenses (and deposits)</b>	<b>14,981.45</b>	<b>0.00</b>	<b>0.00</b>	<b>14,981.45</b>	
1083088 INTEREST RECEIVABLE	826,751.16	0.00	0.00	826,751.16	
1085088 NOTE RECEIVABLE 120428 AB	3,223,845.98	0.00	0.00	3,223,845.98	
<b>12.10.01 Due to/from 1204248</b>	<b>4,050,597.14</b>	<b>0.00</b>	<b>0.00</b>	<b>4,050,597.14</b>	
2575388 INTER-COMPANY PAY (CMI)	-9,936,882.68	0.00	0.00	-9,936,882.68	
2610088 NOTE PAYABLE (CMI)	3,204,455.68	0.00	0.00	3,204,455.68	
2680088 NOTES PAYABLE - CMI	-2,025,971.39	0.00	0.00	-2,025,971.39	
<b>12.10.06 Due to/from 772921</b>	<b>-8,758,398.39</b>	<b>0.00</b>	<b>0.00</b>	<b>-8,758,398.39</b>	
1750088 LAND	985,969.00	0.00	0.00	985,969.00	
1756088 LAND - BC	1,519,128.38	0.00	0.00	1,519,128.38	
<b>12.20.01 Land</b>	<b>2,505,097.38</b>	<b>0.00</b>	<b>0.00</b>	<b>2,505,097.38</b>	
1700088 FIXED ASSETS - BUILDING	1,979,494.00	0.00	0.00	1,979,494.00	
1710088 FIXED ASSETS-KELOWNA BLDG	3,952,739.12	0.00	0.00	3,952,739.12	
1770088 FIXED ASSETS - PAVING	56,250.85	0.00	0.00	56,250.85	
<b>12.20.02 Buildings</b>	<b>5,988,483.97</b>	<b>0.00</b>	<b>0.00</b>	<b>5,988,483.97</b>	
1760088 FIXED ASSETS - EQUIPMENT	27,957.22	0.00	0.00	27,957.22	
<b>12.20.95 Office Equipment</b>	<b>27,957.22</b>	<b>0.00</b>	<b>0.00</b>	<b>27,957.22</b>	
1700588 ACCUM DEPREC - BUILDING	-1,141,905.09	0.00	0.00	-1,141,905.09	
1710588 ACCUM DEPREC-BUILDING	-1,368,714.38	0.00	0.00	-1,368,714.38	
1770588 ACCUM DEPREC - PAVING	-30,169.75	0.00	0.00	-30,169.75	
<b>12.21.02 Buildings</b>	<b>-2,540,789.22</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,540,789.22</b>	
1760588 ACCUM DEPREC - EQUIPMENT	-24,564.10	0.00	0.00	-24,564.10	
<b>12.21.95 Acc. amortization - Office equipment</b>	<b>-24,564.10</b>	<b>0.00</b>	<b>0.00</b>	<b>-24,564.10</b>	

## 772921 Alberta Inc.

TB3

Year End: October 27, 2023

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Annotation
2050088 ACCOUNTS PAYABLE	-54,505.78	0.00	0.00	-54,505.78	
2200088 GST PAYABLE	-1,984.87	0.00	0.00	-1,984.87	
<b>13.01 Accounts payable and accrued liabilities</b>	<b>-56,490.65</b>	<b>0.00</b>	<b>0.00</b>	<b>-56,490.65</b>	
2300088 UNEARNED REVENUE	-12,892.00	0.00	0.00	-12,892.00	
<b>14.14.02 Deferred revenue #2</b>	<b>-12,892.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-12,892.00</b>	
2710088 CAPITAL STOCK	-11.00	0.00	0.00	-11.00	
<b>15.01 Share capital</b>	<b>-11.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-11.00</b>	
2730088 RETAINED EARNINGS	-1,815,867.42	0.00	0.00	-1,815,867.42	
<b>15.10.01 Opening/As previously stated</b>	<b>-1,815,867.42</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,815,867.42</b>	
3000088 RENTAL INCOME	-2,075,556.07	0.00	0.00	-2,075,556.07	
<b>21.02 Sales</b>	<b>-2,075,556.07</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,075,556.07</b>	
3100088 INTEREST INCOME	-142,437.09	0.00	0.00	-142,437.09	
<b>21.98.01 Post COGS revenue #1</b>	<b>-142,437.09</b>	<b>0.00</b>	<b>0.00</b>	<b>-142,437.09</b>	
8525088 DEPRECIATION (772901)	38,015.64	0.00	0.00	38,015.64	
8530088 DEPRECIATION BUILDING	221,172.64	0.00	0.00	221,172.64	
<b>23.02 Amortization</b>	<b>259,188.28</b>	<b>0.00</b>	<b>0.00</b>	<b>259,188.28</b>	
8510088 INTEREST EXPENSE	715,956.90	0.00	0.00	715,956.90	
<b>23.20 Interest and bank charges</b>	<b>715,956.90</b>	<b>0.00</b>	<b>0.00</b>	<b>715,956.90</b>	
6030088 A SUPPLIES	111.94	0.00	0.00	111.94	
6050088 BANK CHARGES	151.56	0.00	0.00	151.56	
6060088 PROFESSIONAL	18,764.72	0.00	0.00	18,764.72	
6070088 RENT EXPENSE	1,183,699.29	0.00	0.00	1,183,699.29	
<b>23.31 Miscellaneous</b>	<b>1,202,727.51</b>	<b>0.00</b>	<b>0.00</b>	<b>1,202,727.51</b>	
8535088 MANAGEMENT FEES	513,174.00	0.00	0.00	513,174.00	
<b>23.97.02 Management</b>	<b>513,174.00</b>	<b>0.00</b>	<b>0.00</b>	<b>513,174.00</b>	
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Net Income (Loss)</b>	<b>-473,053.53</b>			<b>-473,053.53</b>	



# Spruce It Up Land Corp

TB2

Year End: October 27, 2023

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Annotation
10100 Bank - CIBC - 8184216 (120)	38,731.10	0.00	0.00	38,731.10	
<b>11.01 Cash</b>	<b>38,731.10</b>	<b>0.00</b>	<b>0.00</b>	<b>38,731.10</b>	
12100 A/REC - Trade (120)	26,298.27	0.00	0.00	26,298.27	
<b>11.02 Accounts receivable</b>	<b>26,298.27</b>	<b>0.00</b>	<b>0.00</b>	<b>26,298.27</b>	
28130 Due to 772921 AB (Note payable)	-3,223,845.98	0.00	0.00	-3,223,845.98	
28131 Due to 772921 AB (Interest)	-826,751.16	0.00	0.00	-826,751.16	
<b>12.10.06 Due to/from 772921</b>	<b>-4,050,597.14</b>	<b>0.00</b>	<b>0.00</b>	<b>-4,050,597.14</b>	
18100 Due from CMI	5,291,406.71	0.00	0.00	5,291,406.71	
28100 Due to CMI	-6,067,228.44	0.00	0.00	-6,067,228.44	
28101 Due to CMI (Loan payable)	-817,967.50	0.00	0.00	-817,967.50	
<b>12.10.13 Due to/from CMI</b>	<b>-1,593,789.23</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,593,789.23</b>	
18110 Due from W&C (RiCal)	386,819.17	0.00	0.00	386,819.17	
28110 Due to W&C (RiCal)	-8,839,535.16	0.00	0.00	-8,839,535.16	
<b>12.10.14 Due to/from W&amp;C</b>	<b>-8,452,715.99</b>	<b>0.00</b>	<b>0.00</b>	<b>-8,452,715.99</b>	
15210 Land (120)	1,002,409.64	0.00	0.00	1,002,409.64	
<b>12.20.01 Land</b>	<b>1,002,409.64</b>	<b>0.00</b>	<b>0.00</b>	<b>1,002,409.64</b>	
15110 Building (120)	454,329.17	0.00	0.00	454,329.17	
<b>12.20.02 Buildings</b>	<b>454,329.17</b>	<b>0.00</b>	<b>0.00</b>	<b>454,329.17</b>	
16110 ACCUM DEPR - Building (120)	-328,514.92	0.00	0.00	-328,514.92	
<b>12.21.02 Buildings</b>	<b>-328,514.92</b>	<b>0.00</b>	<b>0.00</b>	<b>-328,514.92</b>	
15220 Land held for development	2,161,198.85	0.00	0.00	2,161,198.85	
15225 Impairment - Land held for dev	-488,652.70	0.00	0.00	-488,652.70	
<b>12.48.01 Land at cost</b>	<b>1,672,546.15</b>	<b>0.00</b>	<b>0.00</b>	<b>1,672,546.15</b>	
20000 Accounts Payable	-1,491.96	0.00	0.00	-1,491.96	
25500 GST/HST Payable	0.00	0.00	0.00	0.00	
<b>13.01 Accounts payable and accrued liabilities</b>	<b>-1,491.96</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,491.96</b>	
22000 Unearned Rent	-0.30	0.00	0.00	-0.30	
<b>14.14.02 Unearned rent</b>	<b>-0.30</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.30</b>	

# Spruce It Up Land Corp

TB2

Year End: October 27, 2023

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Annotation
31000 Common Stock	-366,300.00	0.00	0.00	-366,300.00	
<b>15.01 Share capital</b>	<b>-366,300.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-366,300.00</b>	
39000 Retained Earnings	391,850.23	0.00	0.00	391,850.23	
39001 Retained Earnings - RiCal	3,537,069.41	0.00	0.00	3,537,069.41	
39002 Retained Earnings - Muirfield	7,895,617.16	0.00	0.00	7,895,617.16	
<b>15.10.01 Opening/As previously stated</b>	<b>11,824,536.80</b>	<b>0.00</b>	<b>0.00</b>	<b>11,824,536.80</b>	
48000 Rental Income	-387,910.77	0.00	0.00	-387,910.77	
<b>21.02 Sales</b>	<b>-387,910.77</b>	<b>0.00</b>	<b>0.00</b>	<b>-387,910.77</b>	
62400 Depreciation Expense	18,173.09	0.00	0.00	18,173.09	
<b>23.02 Amortization</b>	<b>18,173.09</b>	<b>0.00</b>	<b>0.00</b>	<b>18,173.09</b>	
63400 Interest Expense	142,437.09	0.00	0.00	142,437.09	
85200 Non deductible int & penalty	0.00	0.00	0.00	0.00	
<b>23.20 Interest and bank charges</b>	<b>142,437.09</b>	<b>0.00</b>	<b>0.00</b>	<b>142,437.09</b>	
63300 Insurance Expense	0.00	0.00	0.00	0.00	
66710 Accounting & Audit	1,500.00	0.00	0.00	1,500.00	
66720 Legal	359.00	0.00	0.00	359.00	
<b>23.31 Miscellaneous</b>	<b>1,859.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,859.00</b>	
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Net Income (Loss)</b>	<b>225,441.59</b>			<b>225,441.59</b>	

# **APPENDIX F**

**[ATTACHED]**

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

**101354558**

**ORDER NUMBER: 50178741**

**ADVISORY**

This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.

Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.

**CAVEAT**

TO:           The Registrar of the South Alberta Land Registration District.

TAKE NOTICE that Shaw Telecom Inc. formerly 1380057 Alberta Ltd. (the "Tenant") of Suite 900, 630 - 3<sup>rd</sup> Avenue S.W., Calgary, Alberta, T2P 4L4, a body corporate, claims an interest in the lands described below under and by virtue of that certain lease agreement (the "Lease") made the 23<sup>rd</sup> day of August, 2010 between 1204248 Alberta Inc. as landlord (the "Landlord") and the Tenant as tenant pursuant to which Lease:

- (a) the Tenant has leased the lands as set out in the Lease, for a telecommunications site including the right to erect, operate, maintain and replace upon the Leased Premises a tower or monopole, cabinets and/or equipment shelter and all necessary antennas, antenna mounts, attachments, cabling, cable trays and associated equipment required for wireless telecommunications, from the Landlord for a term of five (5) years to expire November 28, 2015;
- (b) the Tenant has a further right to construct and maintain both a utility easement and an access road to the Leased Premises, if required.
- (c) the Tenant has been granted three options to renew for a further term of five (5) years each; and
- (d) together with any other interest arising under the Lease all as set out in the Lease, in the lands described as follows:

Plan 5235JK  
Block A  
Excepting thereout all mines and minerals  
Area: 8.4 hectares (20.75 acres) more or less

standing in the register in the name of 1204248 Alberta Inc. under Certificate of Title No. 051 463 482 and it forbids the registration of any person as transferee or owner of, or of any instrument affecting that estate or interest, unless the aforementioned title is expressed to be subject to this claim.

The following is the address designated as the place at which notices and proceedings relating hereto may be served:

Shaw Telecom Inc.  
Suite 900,630 - 3<sup>rd</sup> Avenue S.W.  
Calgary, Alberta  
T2P 4L4  
Attention: Vice-President, Law

IN WITNESS WHEREOF Shaw Telecom Inc. has executed these presents this 3 day of December, 2010.

SHAW TELECOM INC.  
by its solicitor and agent

Per: 

\_\_\_\_\_  
Brian D. Smith

**AFFIDAVIT IN SUPPORT OF CAVEAT**

CANADA )  
PROVINCE OF ALBERTA )  
TO WIT: )

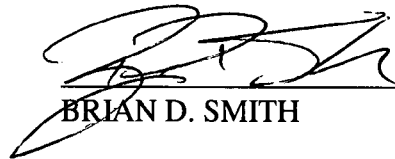
I, BRIAN D. SMITH, of Calgary, Alberta, MAKE OATH AND SAY AS FOLLOWS:

1. I am the solicitor and agent for Shaw Telecom Inc., the within named Caveator.
2. I believe that the Caveator has a good and valid claim on the land and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal with it.

SWORN BEFORE ME at the City )  
of Calgary, in the Province of )  
Alberta, this 3 day of December, )  
2010. )

Shelley L. Molyneaux )  
A COMMISSIONER FOR OATHS IN AND )  
FOR THE PROVINCE OF ALBERTA )

**SHELLEY L. MOLYNEAUX**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires February 13, 2012

  
\_\_\_\_\_  
BRIAN D. SMITH



101354558

101354558 REGISTERED 2010 12 07  
CAVE - CAVEAT  
DOC 1 OF 1 DRR#: D088CC1 ADR/APALMER  
LINC/S: 0019265678