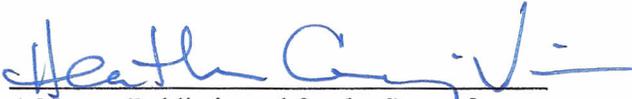
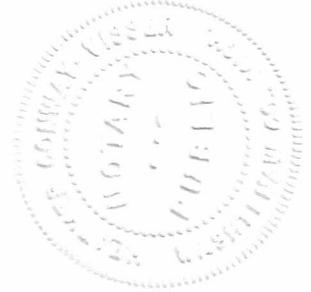


This is exhibit "C" referred to in the Affidavit of Howard Elliott sworn before me on March 13, 2013 at the City of Ann Arbor, Michigan.



A Notary Public in and for the State of
Michigan, United States of America

HEATHER CONWAY-VISSER
NOTARY PUBLIC, STATE OF MI
COUNTY OF WASHTENAW
MY COMMISSION EXPIRES Aug 12, 2017
ACTING IN COUNTY OF *Washtenaw*



July 10, 2012

RS Technologies Inc.
233 Mayland Place N.E.
Calgary, Alberta
T2E 7Z8

Attention: Joel Tennison – Interim Chief Financial Officer

Dear Sirs:

On the basis of the financial statements and other information provided by RS Technologies Inc. (the “Borrower”), and by (the “Guarantors”) in connection with your request for financing, Canadian Western Bank (the “Bank”) has authorized the following Loans subject to the terms and conditions outlined in this Commitment Letter (the “Agreement”). This Agreement is an amendment to, and a restatement of, that certain commitment letter dated October 29, 2010 and replaces and supersedes that Commitment.

1. **LOAN AMOUNT:**

Demand Non-Revolving Loan in the amount of \$7,000,000.00.

Referred to as the “Loan.”

2. **PURPOSE OF LOANS:**

Amounts advanced by the Bank are to be used by the Borrower as bridge financing in order to provide cash flow for the Borrower.

3. **INTEREST RATES:**

Loan shall bear interest while outstanding before and after maturity and default at the following rate:

Interest to be paid at a rate of 1.00% per annum above the Bank’s Prime Lending Rate (“Prime”). As of the date of this Agreement, Prime is 3.00% per annum.

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

4. **ADVANCES:**

The loan has been fully advanced.

5. **REPAYMENT:**

Interest only payments due monthly, on the first business day of each calendar month, with the understanding that the loan will be paid out by December 1, 2013.

6. **FEES:**

The Borrower shall pay to the Bank on October 20, 2012 the balance of \$50,000 due in relation to an application/commitment fee of \$150,000.00 for the provision of a loan extension provided in October 2010. The amount of \$100,000 is acknowledged as being paid to date.

7. **SECURITY:**

The attached Schedule "A" forms part of this Agreement.

8. **GENERAL CONDITIONS:**

The attached Schedule "B" forms part of this Agreement.

9. **COSTS:**

All costs, including, but not limited to, reasonable legal counsel expense, appraisal fees, cost consultant fees and reasonable out-of-pocket expenses incurred by the Bank in connection with the preparation and registration of this Agreement and the Bank's security and the enforcement of the Bank's rights under this Agreement or the Bank's security are for the account of the Borrower and this Agreement will serve as the Bank's authority to charge this amount to the Borrower's deposit account under advice to the Borrower.

10. **ASSIGNMENT BY BORROWER:**

The Borrower shall not assign or encumber its rights and obligations under the Loan, this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

11. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:

Gary Cochrane
Fraser Milner Casgrain
15th Floor, Bankers Court
850 - 2nd Street SW
Calgary, Alberta
T2P 0R8
Telephone: 403-268-7000

12. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that, if in the opinion of the Bank any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower or any Guarantor, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

13. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower and/or any Guarantors hereafter, and the advance of any funds by the Bank. In the event of a conflict or inconsistency between the security documents and the terms of this Agreement, the terms of this Agreement shall govern.

ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors. This Agreement may be executed in several counterparts (including by facsimile and by PDF electronic format) each of which shall be deemed to be an original instrument and all counterparts together shall constitute one and the same agreement.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter. The foregoing Agreement is offered in good faith and is to be held in strict confidence. This Agreement will expire if not accepted by July 31, 2012.

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed Howard Elliott Accepted 01 aug 12
Date

Signed [Signature]

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____	Accepted	_____
		Date
Signed _____	Accepted	_____
Paul Giannelia		Date
Signed _____	Accepted	_____
Brian Felesky		Date
Signed _____	Accepted	_____
James Gray		Date
Signed _____	Accepted	_____
Dwayne Hunka		Date
Signed _____	Accepted	_____
David Williams		Date

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____

Accepted _____
Date _____

Signed _____

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: *W.L. Markham*
President

Accepted _____
Date *August 9, 2012*

Signed _____
Paul Giannelia

Accepted _____
Date _____

Signed _____
Brian Felesky

Accepted _____
Date _____

Signed _____
James Gray

Accepted _____
Date _____

Signed _____
Dwayne Hunka

Accepted _____
Date _____

Signed _____
David Williams

Accepted _____
Date _____

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____

Accepted _____
Date _____

Signed _____

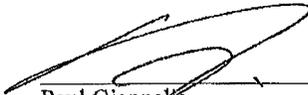
GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____

Accepted _____
Date _____

Signed 
Paul Giannelia

Accepted _____
Date 07 aug 12

Signed _____
Brian Felesky

Accepted _____
Date _____

Signed _____
James Gray

Accepted _____
Date _____

Signed _____
Dwayne Hunka

Accepted _____
Date _____

Signed _____
David Williams

Accepted _____
Date _____

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____ Accepted _____
Date _____

Signed _____

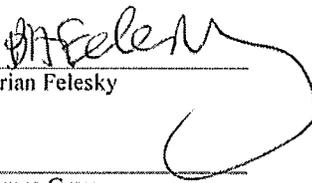
GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____ Accepted _____
Date _____

Signed _____ Accepted _____
Paul Giannelia Date _____

Signed  _____ Accepted _____
Brian Felesky Date Aug. 2. 2012

Signed _____ Accepted _____
James Gray Date _____

Signed _____ Accepted _____
Dwayne Hunka Date _____

Signed _____ Accepted _____
David Williams Date _____

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____

Accepted _____
Date _____

Signed _____

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____

Accepted _____
Date _____

Signed _____
Paul Giannelia

Accepted _____
Date _____

Signed _____
Brian Felesky

Accepted _____
Date _____

Signed _____

James Gray

Accepted _____
Date Aug 7/12.

Signed _____
Dwayne Hunka

Accepted _____
Date _____

Signed _____
David Williams

Accepted _____
Date _____

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____ Accepted _____
Date

Signed _____

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____ Accepted _____
Date

Signed _____ Accepted _____
Paul Giannelia Date

Signed _____ Accepted _____
Brian Felesky Date

Signed _____ Accepted _____
James Gray Date

Signed _____ Accepted _____
Dwayne Hanka Date AUG 2, 2012

Signed _____ Accepted _____
David Williams Date

Yours truly,
CANADIAN WESTERN BANK

K.M. (Ken) Duke
AVP Commercial Banking

Jeff Bowling
Vice President & Branch Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: RS Technologies Inc.

Signed _____

Accepted _____
Date _____

Signed _____

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Marjad Inc.

Per: _____

Accepted _____
Date _____

Signed _____
Paul Giamelia

Accepted _____
Date _____

Signed _____
Brian Felesky

Accepted _____
Date _____

Signed _____
James Gray

Accepted _____
Date _____

Signed _____
Dwayne Hunka

Accepted _____
Date _____

Signed _____
David Williams

Accepted _____
Date _____

SCHEDULE "A" - DEMAND

SECURITY

All security documentation described herein, to the extent not already held by the Bank, must be prepared and executed, as required by the Bank, prior to the effectiveness of this Agreement. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

Security Currently Held:

1. General Security Agreement dated March 19, 2010 providing a second security interest (behind Werklund Capital Corporation) over all of the Borrower's present and after acquired personal property and a floating charge over all other assets, including real property. Registered in all appropriate jurisdictions;
2. Demand Note dated December 1, 2010 in the amount of \$7,000,000.00.
3. Limited Liability Guarantees in the amounts of \$333,333.33 (November 12, 2009); \$500,000.00 (December 22, 2009); \$833,333.00 (February 12, 2010) from Marjad Inc., supported by Assignment of Bank Instrument in the amounts of \$625,000.00 (October 29, 2010); \$833,333.00 (February 12, 2010). Registered at PPR.
4. Limited Liability Guarantees in the amounts of \$333,333.33 (November 12, 2009); \$333,333.33 (December 22, 2009); \$416,667.00 (February 11, 2010) from Brian Felesky supported by Hypothecation of Specific Securities and Securities Account Control Agreement both dated February 25, 2010 covering Richardson GMP Limited account #400-00X1-A in the amount of \$488,160.00 as at July 1, 2012. Notwithstanding the Hypothecation of Specific Securities, recourse against the subject matter of such Hypothecations shall be limited to the amount of \$916,667, plus interest and costs as set forth in the guarantees. Registered at PPR. * **It is noted that the Hypothecation of Specific Securities and Securities Account Control Agreement both dated October 29, 2010 completed by Griffel Developments Ltd. pledging Mackie Research Capital Corp account 42-AQ1M has been liquidated by the guarantor and must be replaced by alternate liquid collateral in the minimum amount of \$500,000.00. This must be in place to the satisfaction of the bank no later than July 31, 2012. (Refer #11 below.)**
5. Limited Liability Guarantees in the amounts of \$333,333.33 (November 11, 2009); \$500,000.00 (December 22, 2009); \$833,333.00 (February 11, 2010) from Paul Giannelia supported by Assignment of Bank Instrument in the amount of \$625,000.00 (October 29, 2010) from Marjad Inc.; and also supported by Letter of Credit \$833,333.00 issued by Toronto Dominion Bank for Wilmot Matthews on behalf of Paul Giannelia in favour of Canadian Western Bank (current maturity September 30, 2012).
6. Limited Liability Guarantees in the amounts of \$333,333.33 (November 12, 2009); \$333,333.33 (December 22, 2009); \$500,000.00 (February 11, 2010) from James Gray supported by Hypothecation of Specific Securities and Securities Account Control Agreement both dated February 11, 2010 covering BMO Nesbitt Burns Inc. account #710-35671-16. Notwithstanding the Hypothecation of Specific Securities, recourse against the subject matter of such Hypothecation shall be limited to the amount of \$1,000,000, plus interest and costs as set forth in the guarantees.
7. Limited Liability Guarantees in the amounts of \$333,333.33 (November 11, 2009); \$333,333.33 (December 22, 2009); \$416,667.00 (February 11, 2010) from Dwayne Hunka supported by Hypothecation of Bank Balances dated January 24, 2012 covering a hold on a personal line of credit in the amount of \$916,667.00.
8. Limited Liability Guarantee in the amount of \$333,333.33 (November 12, 2009) from David Williams supported by Assignment of Bank Instrument in the amount of \$250,000.00 dated October 29, 2010 granted by Marjad Inc.
9. Anti-Money Laundering Information Form for Borrowing Accounts completed by the borrower dated February 22, 2010.

Security to be Provided:

10. Personal Financial Statement of Brian Felesky

11. Appropriate Hypothecation/Assignment documents completed by Brian Felesky to pledge liquid collateral in the minimum amount of \$500,000. (See item #4 above.)

The Borrower and Guarantors acknowledge and agree that the securities above described provided by the Borrower, support all loans and secure all indebtedness of the Borrower to the Bank.

The Guarantors hereby acknowledge that the Bank shall not be bound to exhaust its recourse against the Borrower or other parties or any security granted by such parties that it may hold before being entitled to payment from the Guarantors under their guarantees and supporting security. For clarification, and without limitation to the foregoing, it is the present intention of the Bank to rely firstly on the guarantees prior to any recovery proceedings against the Borrower, but nothing herein prevents the Bank from proceeding firstly or at the same time as against the Borrower.

The Bank agrees that if it relies upon the guarantees, it shall pursue all of the guarantees on a pro-rata basis. The Bank confirms that the guarantees are of a several obligation of each Guarantor in accordance with the terms of each guarantee and not joint and several with the other Guarantors. The Bank further agrees that upon receipt of any payment from a Guarantor in relation to a demand under the guarantees provided by such Guarantor, the Bank shall, at the request of each Guarantor, assign and transfer to such Guarantor any and all rights of subrogation accruing to it under the applicable guarantee and the security granted by the Borrower in favour of the Bank arising from the payment by such Guarantor, such assignment and transfer to be based on the aggregate portion of the indebtedness of the Borrower to the Bank paid by the Guarantor; provided that nothing herein shall in any way limit any subrogation rights afforded to any Guarantor under common law or at equity and provided further that nothing herein shall be construed to amend or limit the postponement and subordination of each Guarantor's subrogation rights set forth in paragraph 9 of its respective guarantees.

The parties hereto confirm that any repayment of the Loan or the reduction of the Loan by the Borrower from any proceeds of recovery proceedings against the Borrower (excluding any amount recovered from the Guarantors), shall reduce the Guarantor's guarantees as follows:

- (a) With respect to the first \$1,000,000 received by the Bank from the Borrower, the aggregate principal limit of the guarantees granted by a Guarantor shall be reduced by the following amount:
- | | |
|--------------------|---|
| i) Marjad Inc. | 20.8333% of each dollar up to \$1,000,000 |
| ii) Paul Giannelia | 20.8333% of each dollar up to \$1,000,000 |
| iii) Brian Felesky | 16.6667% of each dollar up to \$1,000,000 |
| iv) James Gray | 16.6667% of each dollar up to \$1,000,000 |
| v) Dwayne Hunka | 16.6667% of each dollar up to \$1,000,000 |
| vi) David Williams | 8.3333% of each dollar up to \$1,000,000 |
- b) Thereafter, for any monies received by the Bank from the Borrower, the aggregate principal limit of the guarantees granted by a Guarantor shall be reduced by the following amount:
- | | |
|--------------------|-------------------------|
| i) Marjad Inc. | 24.3055% of each dollar |
| ii) Paul Giannelia | 24.3055% of each dollar |
| iii) Brian Felesky | 15.2778% of each dollar |
| iv) James Gray | 16.6667% of each dollar |
| v) Dwayne Hunka | 15.2778% of each dollar |
| vi) David Williams | 4.1667% of each dollar |

The Borrower and Guarantors acknowledge and agree that the securities above described provided by the Borrower, support all loans and secure all indebtedness of the Borrower to the Bank.

(b) **SCHEDULE "B" - DEMAND**

GENERAL CONDITIONS

EVENTS OF DEFAULT

1. Notwithstanding anything expressed or implied to the contrary, all indebtedness and liability of the Borrower's to the Bank under this Agreement is deemed to be repayable **ON DEMAND** and such indebtedness and liability may be demanded by the Bank at any time in the Bank's sole and exclusive discretion. In addition to being of a demand nature, the full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
 - (a) the Borrower or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower of any other term or condition contained in this Agreement or in any other agreement to which the Borrower and the Bank are parties and the Borrower has not corrected such breach within 30 days of notice having been provided to the Borrower;
 - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower is a party and the Borrower has not corrected such breach within 30 days of notice having been provided to the Borrower;
 - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower and, if instituted against the Borrower are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
 - (e) a Receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
 - (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
 - (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrower, or any Guarantor of the Borrower; or
 - (ii) any property, equipment, or business activities of the Borrower or any Guarantor of the Borrower.

i) **MISCELLANEOUS CONDITIONS**

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or powers of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement and the security documentation to be provided by the Borrower pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Alberta.



THIS GENERAL SECURITY AGREEMENT DATED March 19, 2010.

BRANCH ADDRESS: 606 - 4th Street S.W., Calgary, Alberta T2P 1T1

1. DEFINITIONS

The following definitions shall apply herein:

- (a) "Act" means the Personal Property Security Act of the Province of Alberta in effect on the date hereof;
- (b) "Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Financing Change Statement", "Financing Statement", "Goods", "Instrument", "Intangible", "Inventory", "Money", "Purchase Money Security Interest", "Security", "Securities Account" and "Security Entitlement" shall have the meanings ascribed to them in the Act and shall be deemed to include both the singular and plural of such terms. All other capitalized words or terms used herein, unless otherwise defined herein, shall have the meanings ascribed to them in the Act and the Regulations passed pursuant thereto;
- (c) "Agreement", "herein", and similar expressions refer to the whole of this Security Agreement and not to any particular section or other portion thereof and extend to and include every instrument which amends or supplements this Agreement;
- (d) "Bank" means Canadian Western Bank;
- (e) "Collateral" means all present and after-acquired personal property and Real Property of the Debtor of whatever kind and wherever situate, including, without limiting the generality of the foregoing, those specific items, if any, described on the attached Schedule "A", together with all documents, writings, papers, books of account and records relating to the foregoing and all rights and interests therein, but shall not include:
 - (i) the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor now or hereafter held by the Debtor, it being the intention that the Debtor shall stand possessed of the reversion remaining in respect of any leasehold interest forming part of the Collateral upon trust to assign and dispose thereof as the Bank may after default direct,
 - (ii) Consumer Goods, or
 - (iii) those specific items, if any, described on the attached Schedule "B";
- (f) "Debtor" means RESIN SYSTEMS INC.;
(name of company or individual)
- (g) "Default" means the happening of any one or more of the events or conditions described in section 7 and such term shall be deemed to include each, any, or all such events or conditions, whether any such event is voluntary or involuntary or is effected by operation

of law or pursuant to or in compliance with any judgement, decree or order of any Court or any order, rule or regulation of any administrative or governmental body;

- (h) "Indebtedness" means and includes any and all obligations, indebtedness and liability of the Debtor to the Bank, (including but not limited to principal, interest and all costs on a full indemnity basis) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wherever and however incurred, together with any ultimate unpaid balance thereof, whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor is bound alone or with another or others and whether as principal or surety;
- (i) "Permitted Encumbrances" means those specific security interests, if any, whether by way of mortgage, lien, claim, charge or otherwise, listed on Schedule "A" or hereafter approved in writing by the Bank prior to their creation or assumption;
- (j) "Proceeds" shall have the meaning ascribed to it in the Act and shall be interpreted to include bank accounts, cash, trade-ins, Equipment, notes, Chattel Paper, Goods, contractual rights, Accounts and any other personal property or obligation received when Collateral or Proceeds thereof are sold, exchanged, collected or otherwise disposed of;
- (k) "Real Property" means all of the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights-of-way, privileges, benefits, licenses, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures;
- (l) "Receiver" means any one or more persons (whether officers of the Bank or not), firms or corporations appointed pursuant to subsection 9(f) and shall be deemed to include a receiver, manager, receiver-manager, or receiver and manager;
- (m) "Security Interest" means the security interest and the floating charge granted by the Debtor to the Bank pursuant to this Agreement; and
- (n) "Specifically Described Collateral" means those items, if any, described in Schedule "A" which comprise part of the Collateral.

2. GRANT OF SECURITY INTEREST

For value received (the receipt and sufficiency of which is hereby acknowledged):

- (a) the Debtor hereby grants, assigns, conveys, mortgages, pledges and charges, as and by way of a specific mortgage, pledge and charge and grants a continuing Security Interest to and in favour of the Bank in the Collateral (other than Real Property); and
- (b) the Debtor hereby charges the Real Property as and by way of a floating charge.

3. INDEBTEDNESS SECURED

The Security Interest secures payment and satisfaction of the Indebtedness; provided however, that if the Security Interest in the Collateral is not sufficient to satisfy the Indebtedness of the Debtor in full, the Debtor agrees that the Debtor shall continue to be liable for any Indebtedness

remaining outstanding and the Bank shall be entitled to pursue full payment and satisfaction thereof.

4. ATTACHMENT OF SECURITY INTEREST

The Security Interest shall attach to the Collateral at the earliest possible moment in accordance with the Act, there being no intention on the part of the Debtor and the Bank that it attach at any later time.

5. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor represents and warrants, and as long as this Agreement remains in effect shall be deemed to continuously represent and warrant, that:

- (a) the Debtor, if a natural person, is of legal age and, if a corporation, is duly organized, existing and in good standing under the laws of its incorporating jurisdiction and of each other jurisdiction in which the nature of its activities make such necessary;
- (b) the Debtor has the right, power and authority to enter into this Agreement and to grant the Security Interest;
- (c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action and are not in contravention of any instrument by which the Debtor has been incorporated or continued, any instrument amending any such instrument, any internal regulation of the Debtor, any law, or any indenture, agreement or undertaking to which the Debtor is a party or by which it is bound;
- (d) the Debtor has not previously carried on business, does not currently carry on business, and shall not, without the prior written consent of the Bank, in the future carry on business under any name other than the name set forth in paragraph 1(f);
- (e) the Collateral is genuine and is legally and beneficially owned by the Debtor free of all security interests except for the Security Interest and the Permitted Encumbrances;
- (f) the description of the Specifically Described Collateral, whether contained herein or provided elsewhere by the Debtor to the Bank, is complete and accurate and all serial numbers affixed or ascribed to any of the Collateral have been provided to the Bank;
- (g) each Chattel Paper, Intangible and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same ("Account Debtor"), the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor shall be the correct amount owing unconditionally by such Account Debtor, and no Account Debtor shall have any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceedings to enforce the Collateral or otherwise;
- (h) the locations specified in the attached Schedule "C" as to business operations and records are accurate and complete and, except for Goods in transit to such locations and Inventory on lease or consignment, all Collateral shall be situate at one of such locations;

- (i) all financial statements, certificates and other information concerning the Debtor's financial condition or otherwise from time to time furnished by the Debtor to the Bank are and shall be in all respects complete, correct and fair representations of the affairs of the Debtor stated in accordance with generally accepted accounting principles applied on a consistent basis;
- (j) there has not been and shall not be a material adverse change in the Debtor's position, financial or otherwise, from that indicated by the financial statements which have been delivered to the Bank;
- (k) there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened against the Debtor except as have been disclosed in writing to and approved by the Bank; and
- (l) none of the Collateral is or shall be Consumer Goods.

6. COVENANTS OF THE DEBTOR

The Debtor covenants:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein and to keep the Collateral free from all security interests except for the Security Interest and the Permitted Encumbrances;
- (b) except as expressly permitted herein, not to sell, exchange, transfer, assign, destroy, lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Bank;
- (c) except as expressly permitted herein, not to move the Collateral from its current location, as indicated on Schedule "C", without the prior written consent of the Bank;
- (d) to assemble and deliver the Collateral to the Bank at such location as the Bank may direct;
- (e) to notify the Bank promptly in writing of:
 - (i) any change in the information contained in this Agreement including any information relating to the Debtor (including its name), the Debtor's business, the Collateral, or the locations of the Collateral or the records of the Debtor, so that the Bank shall be constantly advised of all places where the Debtor conducts its business, maintains the Collateral and maintains its records,
 - (ii) the details of any significant acquisition of Collateral (including serial numbers where required under the Act in connection with registration or as otherwise requested by the Bank), and for the purposes of this Agreement "significant" shall mean any item or items the value of which exceeds in the aggregate \$5,000,
 - (iii) the removal of any of the Collateral to any jurisdiction in which any registration of, or in respect of, this Agreement may not be effective to protect the Security Interest, and in the case of such removal to provide the Bank with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Bank in effecting such further

registrations as may be required by the Bank to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so,

- (iv) the details of any claims or litigation affecting the Debtor or the Collateral,
 - (v) any loss or damage to the Collateral,
 - (vi) any Default by an Account Debtor in payment or other performance of its obligations with respect to any Collateral, and
 - (vii) the return to or repossession by the Debtor of any Collateral;
- (f) to keep all of its property, including the Collateral, in good order, condition and repair and not to use the Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance having jurisdiction over the same;
- (g) to execute, acknowledge and deliver such further agreements and documents supplemental hereto (including financing statements, further schedules to this Agreement, assignments and transfers) and to do all acts, matters and things as may be requested by the Bank in order to give effect to this Agreement and to perfect the Security Interest, including but not limited to any of the same which may be required to correct or amplify the description of any Collateral or for any other purpose not inconsistent with the terms of this Agreement;
- (h) to pay all costs and expenses on a full indemnity basis (including legal fees as between a solicitor and his own client) incidental to:
- (i) the preparation, execution and filing of this Agreement,
 - (ii) maintaining, protecting and defending the Collateral, the Security Interest, and all of the Bank's rights and interest arising pursuant to this Agreement, and
 - (iii) the exercise of any rights or remedies of the Bank pursuant to this Agreement, including but not limited to the costs of the appointment of a Receiver and all expenditures incurred by such Receiver, the cost of any sale proceedings (whether the same prove abortive or not), and all costs of inspection, and all other costs and expenses incurred by the Bank in connection with or arising out of, directly or indirectly, this Agreement, all without limitation. All such costs and expenses shall be payable by the Debtor immediately upon demand from the Bank and until paid shall bear interest from the date incurred by the Bank at the highest rate of interest then chargeable by the Bank to the Debtor on any of the Indebtedness. The amount of all such costs and expenses shall be added to the Indebtedness and shall be secured by this Agreement;
- (i) to punctually pay and discharge all taxes, rates, levies, assessments and other charges of every nature which might result in any lien, encumbrance, right of distress, forfeiture or termination or sale, or any other remedy being enforced against the Collateral and to provide to the Bank satisfactory evidence of such payment and discharge;

- (j) to maintain its corporate existence, and to diligently preserve all its rights, licenses, powers, privileges, franchises and goodwill;
- (k) to observe and perform all of its obligations and comply with all conditions under leases, licenses and other agreements to which it is a party or pursuant to which any of the Collateral is held;
- (l) to carry on and conduct its business in an efficient and proper manner so as to preserve and protect the Collateral and income therefrom;
- (m) to keep, in accordance with generally accepted accounting principles consistently applied, proper books of account and records of all transactions in relation to its business and the Collateral;
- (n) to observe and conform to all valid requirements of law and of any governmental or municipal authority relating to the Collateral or the carrying on by the Debtor of its business;
- (o) at all reasonable times, to allow the Bank access to its premises in order to view the state and condition of its property and to inspect its books and records and make extracts therefrom;
- (p) to insure the Collateral for such periods, in such amounts, on such terms, with such insurers and against such loss or damage by fire and other such risks as the Bank reasonably directs, with loss payable to the Bank and the Debtor as insureds, as their respective interests may appear, to pay all premiums therefor, to deliver evidence of the same on request, and to do all acts necessary to obtain payment to the Bank of any insurance proceeds;
- (q) to prevent the Collateral from being or becoming an Accession or a fixture to other property not covered by this Agreement or other security granted by the Debtor in favour of the Bank;
- (r) to deliver to the Bank from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities, Security Entitlements, Securities Account and Chattel Paper constituting the Collateral,
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral,
 - (iii) all financial statements prepared by or for the Debtor regarding its business, or, where the Debtor is an individual, all tax returns and such personal financial statements as the Bank may request,
 - (iv) all policies and certificates of insurance relating to the Collateral, and
 - (v) such further information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Bank may request;
- (s) not to change the present use of the Collateral; and

- (t) to comply with all other requirements of the Bank, whether in the nature of positive or negative covenants, as may be communicated by the Bank to the Debtor from time to time, including but not limited to those additional covenants, terms and conditions, if any, contained on the attached Schedule "D".

7. EVENTS OF DEFAULT

The following constitute Default:

- (a) non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness;
- (b) failure of the Debtor to perform or observe any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement, security instrument or other document made by the Debtor with or in favour of the Bank or any other person, firm or corporation;
- (c) the death of or declaration of incompetency by a Court of competent jurisdiction with respect to the Debtor, if an individual;
- (d) the Debtor becomes insolvent or makes a voluntary assignment or proposal in bankruptcy or otherwise acknowledges its insolvency, a bankruptcy petition is filed or presented against the Debtor, the making of an authorized assignment for the benefit of the creditors of the Debtor, the appointment of a receiver, receiver-manager, receiver and manager or trustee for the Debtor or any assets of the Debtor, or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act, Companies Creditors Arrangement Act or similar legislation in any jurisdiction;
- (e) any act, matter or thing being done toward, or the commencement of any action or proceeding for, terminating the corporate existence of the Debtor, or if the Debtor is a partnership, the existence of the partnership, whether by way of winding-up, surrender of charter or otherwise;
- (f) any encumbrance or security interest affecting the Collateral becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on its business or makes or proposes to make a bulk sale of its assets or any sale of the Collateral other than as expressly permitted herein;
- (h) any execution or other process of any Court becomes enforceable against the Debtor or a distress or analogous process is levied upon the assets of the Debtor or any part thereof (whether or not forming part of the Collateral);
- (i) the Debtor permits any amount which has been admitted as due by it or is not disputed to be due by it and which forms, or is capable of being made, a charge upon the Collateral in priority to, or pari passu with, the charge created by this Agreement to remain unpaid for 30 days after proceedings have been taken to enforce the same;
- (j) the Debtor allows any amount outstanding from it to the Crown pursuant to any federal or provincial statute to remain unpaid for 30 days or more;

- (k) a corporate dispute occurs within the Debtor, if a corporation, (whether between or among its shareholders, directors, officers, employees or otherwise) which may hamper the business operations of the Debtor or otherwise adversely affect, in the sole opinion of the Bank, the Debtor's business, assets or the Collateral;
- (l) any representation or warranty furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement (regardless of the form thereof or whether contained herein or elsewhere), whether as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or otherwise proves to have been false or misleading as of the day made in any material respect or to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;
- (m) there is any material adverse change in any of the facts disclosed to the Bank, in the Debtor's position (financial or otherwise), or in the nature and value of the Collateral; or
- (n) the Bank considers or deems, in its sole opinion, that the Security Interest and the Collateral are not sufficient security in relation to the extent of the Indebtedness.

For the purposes of Section 198.1 of the Land Title Act (British Columbia), the floating charge created by this Security Agreement over Real Property shall become a fixed charge thereon upon the earlier of:

- (a) the occurrence of an event described in clause 7(d), (e), (f), (g) or (h); or
- (b) the Bank taking any action pursuant to clause 9 to enforce and realize on the Security Interests created by this Security Agreement.

8. ACCELERATION/DEFAULT

In the event of Default the Bank, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this clause shall not in any way affect any rights of the Bank with respect to any Indebtedness which may now or hereafter be payable on demand.

9. REMEDIES

Upon Default the Bank shall have the following rights and powers, which the Bank may exercise immediately:

- (a) to enter upon the premises of the Debtor or any other premises where the Collateral may be situated and to take possession of all or any part of the Collateral, by any method permitted by law, to the exclusion of all others, including the Debtor, its directors, officers, agents and employees, and the Debtor hereby waives and releases the Bank and any Receiver from all claims in connection therewith or arising therefrom;
- (b) to remove all or any part of the Collateral to such place as the Bank deems advisable;
- (c) to preserve and maintain the Collateral and to do all such acts incidental thereto as the Bank considers advisable, including but not limited to making replacements and additions to the Collateral;

- (d) to collect, demand, sue on, enforce, recover and receive Collateral and give receipts and discharges therefor, and may do any such act and take any proceedings related thereto in the name of the Debtor or otherwise as the Bank considers appropriate;
- (e) to sell, lease, or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as the Bank deems reasonable (including without limitation, by deferred payment) all in the Bank's absolute discretion and without the concurrence of the Debtor; provided however, that the Bank shall not be required to do so and it shall be lawful for the Bank to use and possess the Collateral for any and all purposes and in any manner the Bank sees fit, all without hindrance or interruption by the Debtor or any other person or persons, provided however that none of the foregoing shall prejudice the Bank's right to pursue the Debtor for recovery in full of the amount of the Indebtedness, including the amount of any deficiency owing after the application of the proceeds of realization (and to the extent permitted by laws, the Debtor waives its rights to the protection afforded by any rule of law or legislation respecting such deficiency);
- (f) to appoint by instrument in writing, with or without bond, or by application to any Court of competent jurisdiction, a Receiver of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not of the Bank and the Bank shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his agents, servants or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have the power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (including dispositions by way of deferred payment). To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor where Collateral may be situate, to employ and discharge such employees, agents or professional advisors as the Receiver deems advisable, to enter into such compromises, arrangements or settlements as the Receiver deems advisable, to borrow or otherwise raise money on the security of the Collateral and to issue Receiver's certificates and do all such other acts as the Receiver deems advisable in connection with any of the powers referred to herein. Except as may be otherwise directed by the Bank, all monies received from time to time by the Receiver in carrying out his appointment shall be received in trust for and paid over to the Bank. In addition, every Receiver may, in the discretion of Bank, be vested with all or any of the rights and powers of the Bank under the Act or any other applicable legislation or under this Agreement or any other agreement;
- (g) to rescind or vary any contract for sale, lease or other disposition that the Debtor or the Bank may have entered into and to resell, release or redispense of the Collateral;
- (h) to deliver to any purchasers of the Collateral good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. For such purposes, the purchaser or lessee receiving any disposition of the Collateral need not inquire whether Default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Bank, which declaration shall be conclusive evidence as between the Debtor and such purchaser or lessee, and any such disposition shall not be affected by any irregularity of any nature or kind relating to the enforcement of this Agreement or the exercise of the rights and remedies of the Bank;

- (i) to exercise any of the powers and rights given to a Receiver pursuant to this Agreement;
- (j) to provide written notice to the Debtor that all the powers, functions, rights and privileges of the directors and officers of the Debtor with respect to the Collateral, business and undertaking of the Debtor have or shall cease as of the date notified therein, except to the extent specifically continued at any time by the Bank in writing; and
- (k) to take the benefit of or to exercise any other right, proceeding or remedy authorized or permitted at law or in equity, whether as a secured party pursuant to the Act as the same is in force from time to time or otherwise.

All rights and remedies of the Bank are cumulative and may be exercised at any time and from time to time independently or in combination. No delay or omission by the Bank in exercising any right or remedy shall operate as a waiver thereof or of any other right or remedy, and no singular partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Provided always that the Bank shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, maintain, lease or otherwise dispose of the Collateral, or to institute any proceedings for such purposes. The Bank shall have no obligation to take any steps to preserve rights against other parties, shall have no obligation to exercise any of the rights and remedies available to it on Default and shall not be liable or accountable for not exercising any such rights and remedies.

The Bank may waive any Default but no such waiver shall be effective unless made in writing and signed by an authorized officer of the Bank. Any such waiver shall not extend to, or be taken in any manner whatsoever to affect, any subsequent Default or the rights resulting therefrom.

By its acceptance of this Agreement, the Bank acknowledges that it shall not, except in the case of the bankruptcy of the Debtor, enforce this Security Agreement against any personal property of the Debtor used solely for the personal or household use and enjoyment of the Debtor or the Debtor's immediate family.

10. BANK MAY REMEDY DEFAULT

The Bank shall have the right, but shall not be obliged to, remedy any Default of the Debtor and all sums thereby expended by the Bank shall be payable immediately by the Debtor, together with interest thereon at the highest rate of interest then chargeable by the Bank to the Debtor on any portion of the Indebtedness. All such sums shall be added to the Indebtedness and shall be secured by this Agreement. In no case shall the exercise of the Bank's rights pursuant to this Section 10 be deemed to relieve the Debtor from such Default or be deemed a waiver of such Default or of any other prior or subsequent Default.

11. USE OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and to the following provisions of this Section 11, until Default the Debtor may:

- (a) in the case of Equipment, dispose of the same for the purpose of immediately replacing it by other Equipment of a similar nature or of a more useful or convenient character and of at least equal value;

- (b) in the case of Inventory and Money, dispose of the same in the ordinary course of the business of the Debtor and for the sole purpose of carrying on the same; and
- (c) otherwise possess, collect, use, enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not expressly or impliedly prohibited herein or otherwise inconsistent with the provisions of this Agreement.

Notwithstanding the foregoing:

- (a) before or after Default the Bank may notify all or any Account Debtors and may direct such Account Debtors to make all payments owed in respect of the Collateral directly to the Bank; and
- (b) the Debtor agrees that any payments on or other Proceeds of Collateral received by the Debtor, whether before or after Default, shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank upon request.

If the Collateral at any time includes Securities, the Debtor authorizes the Bank to transfer the same or any part thereof into its own name or that of its nominees so that the Bank or its nominees may appear on record as the sole owner thereof; provided however that until Default the Bank shall deliver to the Debtor all notices or other communications received by it or its nominees as registered owner and upon demand and receipt of payment of any necessary expenses shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. However, after Default the Debtor waives all rights to receive any notices or communications in respect of such Securities and agrees that no proxy issued by the Bank to the Debtor or its order as aforesaid shall thereafter be effective.

12. APPROPRIATION OF PAYMENTS

All payments made at any time in respect of the Indebtedness and all Proceeds realized from any Securities held therefor may be applied (and reapplied from time to time notwithstanding any previous application) in such manner as the Bank sees fit or, at the option of the Bank, may be held unappropriated in a collateral account or released to the Debtor all without prejudice to the rights of the Bank hereunder, including the Bank's right to collect from the Debtor the amount of any deficiency remaining after application of all such payments and Proceeds.

13. POWER OF ATTORNEY AND AUTHORIZATION TO FILE

The Debtor hereby authorizes the Bank to file such Financing Statements and other documents and do such acts, matters and things (including completing and adding schedules to this Agreement identifying Collateral or location) as the Bank from time to time deems appropriate to perfect, continue and realize upon the Security Interest and to protect and preserve the Collateral. In addition, for valuable consideration, the Debtor hereby irrevocably appoints the Bank and its officers from time to time, or any one or more of them, to be the true and lawful attorney of the Debtor, with full power of substitution, in the name of and on behalf of the Debtor to execute and to do all deeds, transfers, conveyances, assignments, assurances, and other things which the Debtor ought to execute and do under the covenants and provisions contained in this Agreement and generally to use the name of the Debtor in the exercise of all or any of the rights, remedies and powers of the Bank.

14. MISCELLANEOUS

- (a) The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, comprise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Bank sees fit, all without prejudice to the liability of the Debtor to the Bank or to the Bank's rights in respect thereof. In addition, the Bank may demand, collect, and sue on the Collateral in either the Debtor's or the Bank's name, all at the Bank's option, and may endorse the Debtor's name on any and all cheques, commercial paper and other Instruments pertaining to or constituting the Collateral.
- (b) Neither the execution or registration of this Agreement, nor the advance or readvance of part of the monies hereby intended to be secured, shall bind the Bank to advance or readvance the said monies or any unadvanced part thereof. The advance or readvance of the said monies or any part thereof from time to time shall be in the sole discretion of the Bank.
- (c) The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Bank on which the Debtor is in any way liable and, except as expressly prohibited by law, waives notice of any other action taken by the Bank.
- (d) Without limiting any other right of the Bank, whenever the Indebtedness is due and payable or the Bank has the right to declare it to be due and payable (whether or not it has been so declared), the Bank may, in its sole discretion, set off against the Indebtedness any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due, and the Bank shall be deemed to have exercised such right to set-off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto.
- (e) In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or may hereafter have against the Bank.

15. NOTICE

In addition to the notice provisions contained in the Act, whenever the Debtor or the Bank is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered, transmitted by facsimile, or sent by prepaid registered mail addressed to the party for whom it is intended at the Branch Address, in the case of the Bank, and at the Debtor Address, in the case of the Debtor, as set out herein or as changed pursuant hereto. Either party may notify the other of any change in such party's address to be used for the purposes hereof. All such communications shall, in the case of delivery or facsimile, be deemed received on the date of delivery and, if mailed as aforesaid, shall be deemed received on the third business day following the date of posting. In the case of a disruption in postal service all such communications shall be delivered or transmitted by facsimile.

16. INTERPRETATION

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.
- (b) This Agreement and the security afforded by it is in addition to and not in substitution for any other security now or hereafter held by the Bank and is intended to be a continuing security agreement and shall remain in full force and effect until released in writing by the Bank. The Bank shall have no obligation to provide such release unless and until the full amount of the Indebtedness has been paid in full.
- (c) If any provision of this Agreement is held invalid, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect and this Agreement shall be enforced to the fullest extent permitted by law.
- (d) The Debtor hereby waives the benefit of all statutory, common law and equitable rights, benefits and provisions which in any way limit or restrict the Bank's rights and remedies, to the extent that such waiver is not expressly prohibited by law. The Debtor acknowledges and agrees that the Bank shall have the right to recover the full amount of the Indebtedness by all lawful means, including the right to seek recovery of any deficiency remaining after the sale of the Collateral, including any sale thereof to the Bank.
- (e) The headings of the sections of this Agreement are inserted for convenience of reference only and shall not affect or limit the construction or interpretation of this Agreement.
- (f) All schedules, whether attached hereto on the date hereof or subsequently attached pursuant to the provisions of this Agreement, form part of this Agreement. With the exception of any schedules which may be added hereafter by the Bank without the concurrence of the Debtor pursuant to the provisions of this Agreement, no modification, variation or amendment of this Agreement shall be made except by a written agreement executed by the Debtor and the Bank.
- (g) When the context so requires, words importing the singular number shall be read to include the plural and vice versa, and words importing gender shall be read with all grammatical changes necessary to reflect the identity of the parties.
- (h) This Agreement shall enure to the benefit of the Bank, its successors and assigns and shall be binding upon the Debtor, its personal representatives, administrators, successors and permitted assigns. If more than one Debtor executes this Agreement, the obligations of the Debtor shall be joint and several.
- (i) Time shall be in all respects of the essence of this Agreement.

17. RECEIPT OF DOCUMENTS

- (a) The Debtor hereby acknowledges receiving a copy of this Agreement.
- (b) The Debtor hereby waives its right to receive a copy of any Financing Statement, Financing Change Statement or verification statement which may be filed by or issued to the Bank pursuant to the Act.

IN WITNESS WHEREOF the Debtor has executed this Agreement as of the day and year first above written.

RESIN SYSTEMS INC.

(Company Name)

Per: _____
(Seal) if applicable

Per:  _____
AUTHORIZED SIGNATORY(S)

IF DEBTOR IS AN INDIVIDUAL

Witness

Name of Individual

Witness

Name of Individual

DEBTOR ADDRESS:
(Chief Executive Office, if Corporation, or Residence
if Individual)

400, 2421 – 37th Avenue N.E.
Calgary, Alberta
T2E 6Y7

Facsimile:

If Debtor is an individual:

State full given names and surname, in order, with surname last.

Full Name

Indicate Date of Birth:

Date of Birth

Day, Month, Year M F

SCHEDULE "A"

1. SPECIFICALLY DESCRIBED COLLATERAL

(a) Serial Number Goods

<u>Make</u>	<u>Model</u>	<u>Year of Manufacture</u>	<u>Serial Number</u>
Dodge	Ram	2001	1B7HC16Y91S264532

(b) Other

2. PURCHASE MONEY SECURITY INTERESTS

3. PERMITTED ENCUMBRANCES

Alberta Personal Property Registry:

- (a) Security Agreement filed by Global Vehicle Systems Inc. registered December 6, 2007, as Registration No. 07120605324;
- (b) Security Agreement filed by Ontario Development Corporation registered January 25, 2008, as Registration No. 08012519263;

- (c) Security Agreement filed by Computershare Trust Company of Canada registered December 15, 2008, as Registration No. 08121510773 (subordinated to the Bank);
- (d) Land Charge filed by Computershare Trust Company of Canada registered December 15, 2009, as Registration No. 08121510791 (subordinated to the Bank);
- (e) Security Agreement filed by Ryder Finance Corporation registered July 8, 2009, as Registration No. 09070803392;
- (f) Security Agreement filed by Pitney Bowes Global Financial Services registered October 8, 2009, as Registration No. 09100823978.

Ontario Personal Property Registry:

- (a) Security Agreement filed by Global Vehicle Systems Inc. registered December 6, 2007, as Registration No. 20071206 1130 1793 8640 (as amended);
- (b) Security Agreement filed by Ontario Development Corporation registered January 3, 2008, as Registration No. 20080103 1443 1862 1915;
- (c) Security Agreement filed by Global Vehicle System Inc. registered April 4, 2008, as Registration No. 20080404 1011 1462 3535;
- (d) Security Agreement filed by Xerox Canada Ltd. registered August 19, 2008, as Registration No. 20080819 1404 1462 3858;
- (e) Security Agreement filed by Computershare Trust Company of Canada registered December 15, 2009, as Registration No. 20081215 0939 1590 9694 (subordinated to the Bank);
- (f) Security Agreement filed by Ryder Finance Corporation registered July 8, 2009, as Registration No. 20090708 1054 1529 3863.

Ontario Land Titles:

- (a) Mortgage in the maximum principal amount of \$1,403,500 granted to The Corporation of the Municipality of Chatham-Kent.

SCHEDULE "B"

PERSONAL PROPERTY NOT INCLUDED IN COLLATERAL

- NIL -

SCHEDULE "C"

1. LOCATIONS OF DEBTOR'S BUSINESS OPERATIONS

(a) Chief Executive Office

400, 2421 – 37th Avenue N.E.
Calgary, Alberta T2E 6Y7

(b) Other Locations

5929 6 Street N.E.
Calgary AB T2K 5R5

22 Industrial Park Road
Tilbury, Ontario N0P 2L0

2. LOCATIONS OF RECORDS RELATING TO COLLATERAL

400, 2421 – 37th Avenue N.E.
Calgary, Alberta T2E 6Y7

5929 6 Street N.E.
Calgary, Alberta T2K 5R5

22 Industrial Park Road
Tilbury, Ontario N0P 2L0

Burnet, Duckworth & Palmer LLP
1400, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Gowling Lafleur Henderson LLP
160 Elgin Street, Suite 2600
Ottawa, Ontario K1P 1C3

Gowling Lafleur Henderson LLP
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario M5X 1G5

Gowling Lafleur Henderson LLP
550 Burrard Street, Suite 2300
P.O. Box 30, Bentall 5
Vancouver, British Columbia V6C 2B5

Gowling Lafleur Henderson LLP
1400 Scotia Centre
700 – 2nd Street S.W.
Calgary, Alberta T2P 4V5

Peacock, Linder & Halt LLP
Suite 850, 607 – 8th Avenue S.W.
Calgary, Alberta T2P 0A7

McMillan LLP
Brookfield Place, Suite 4400
181 Bay Street
Toronto, Ontario M5J 2T3

McGuire McFarlane
61 Dover Street
PO Box 996 Stn Main
Chatham, Ontario N7M 5L6

3. LOCATIONS OF COLLATERAL

400, 2421 – 37th Avenue N.E.
Calgary, Alberta T2E 6Y7

5929 6 Street N.E.
Calgary AB T2K 5R5

22 Industrial Park Road
Tilbury, Ontario N0P 2L0

B&B Storage & Warehousing
1 Louise
Tilbury, Ontario N0P 2L0

SCHEDULE "D"

ADDITIONAL COVENANTS, TERMS AND CONDITIONS

As set forth in any offer of credit letter(s) from the Bank to Debtor, as amended, replaced, substituted, renewed or extended from time to time.

Dated March 19, 2010

FROM: **RESIN SYSTEMS INC.**

TO: **CANADIAN WESTERN BANK**

GENERAL SECURITY AGREEMENT

CROSS INDEMNITY AGREEMENT

This **CROSS INDEMNITY AGREEMENT**, dated as of October 29, 2010 is made by and among:

MARJAD INC., an Ontario corporation ("**Marjad**")

-and-

PAUL GIANNELIA, a businessman residing in Calgary, Alberta ("**Giannelia**")

-and-

BRIAN FELESKY, a businessman residing in Calgary, Alberta ("**Felesky**")

-and-

JAMES GRAY, a businessman residing in Calgary, Alberta ("**Gray**")

DWAYNE HUNKA, a businessman residing in Edmonton, Alberta ("**Hunka**")

-and-

DAVID WILLIAMS, a businessman residing in Toronto, Ontario ("**Williams**")

Recitals:

- A. RS Technologies Inc. (the "**Borrower**") and Canadian Western Bank ("**CWB**") are parties to a commitment letter dated October 29, 2010 (the "**Credit Agreement**") respecting a credit facility in the aggregate principal amount of \$7,000,000.
- B. The loans contemplated by the Credit Agreement have been advanced to the Borrower and it was a condition of such advance that each of Marjad, Giannelia, Felesky, Gray, Hunka and Williams (collectively, the "**Guarantors**") severally guarantee the obligations of the Borrower to CWB.
- C. The Guarantors have executed and delivered limited liability guarantees (the "**Guarantees**") in favour of CWB in the aggregate principal amounts set forth opposite their names below:

<u>Guarantor</u>	<u>Guarantee Amount</u>	<u>Percentage</u>
Marjad	\$1,666,666.33	23.8095%
Giannelia	\$1,666,666.33	23.8095%
Felesky	\$1,083,333.66	15.4762%
Gray	\$1,166,666.66	16.6667%
Hunka	\$1,083,333.66	15.4762%
Williams	\$ 333,333.33	4.7619%
Total	<hr/> \$6,999,999.97	100%

D. The Parties desire to enter into this Cross Indemnity Agreement to allocate the economic risk of loss associated with each Guarantor's obligations or payments made under the Guarantees in the proportionate share that the aggregate principal amount of each Guarantor's Guarantees are to the total amount principal amount of all Guarantees.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Meaning Not Affected By Division, Headings or Table of Contents

The division of this Cross Indemnity Agreement and the provision of headings or a table of contents for all or any thereof are for convenience of reference only and will not affect the meaning of this Cross Indemnity Agreement.

1.2 Construction

Capitalized words and phrases used but not otherwise defined in this Cross Indemnity Agreement will have the meanings set forth in the Credit Agreement.

1.3 Included Words; Inclusiveness

Words importing the singular number include the plural and vice versa. Words importing gender include masculine, feminine and neuter. Where any term or expression is defined herein, derivations of such term or expression will have a corresponding meaning. "Including" means "including without limitation". References to Persons include its heirs, executors, administrators and other legal representatives and its successors and permitted assigns. Any reference herein to a statute includes, unless otherwise indicated, regulations passed or in force pursuant thereto and any amendments thereto or to such regulations from time to time, and any legislation or regulations substantially replacing the same.

References in this Cross Indemnity Agreement to any document, instrument or agreement (including this Agreement) (i) will include all annexes, exhibits, schedules and other attachments thereto; (ii) will include all documents, instruments or agreements issued or executed in replacement thereof; and (iii) will mean such document, instrument or agreement, or replacement thereof, as amended or modified, restated or supplemented from time to time in accordance with its terms and in effect at any time.

ARTICLE 2 INDEMNIFICATION OBLIGATIONS AND PROCEDURES

2.1 Indemnification Obligations

Subject to Section 2.2 below, each Guarantor (each an "**Indemnifying Party**") hereby agrees to indemnify, defend and hold each other Guarantor (each an "**Indemnified Party**") harmless from and against any and all losses, damages, liabilities, costs and expenses (including reasonable legal fees and expenses) ("**Losses**") which are incurred by an Indemnified Party in connection with any claim brought against any Indemnified Party or for any payment made (regardless of whether such payment was made on a voluntary basis) by any Indemnified Party on behalf of an Indemnifying Party, in each case, under or in respect of an Indemnifying Party's Guarantees arising out of the facts, matters or circumstances arising on or after the date hereof (each such claim, a "**Claim**").

2.2 Pro Rata Amount

- (a) The aggregate liability of any Indemnifying Party in respect of any Claim made by any Indemnified Party when expressed as a percentage of the total Losses incurred by all Indemnified Parties as a result of all Claims, shall equal the percentage set forth opposite such Indemnifying Party's name in the column entitled "Percentage" in recital C above.
- (b) The intended result of the Guarantors is that, in aggregate, all amounts paid under or in connection with the Guarantees by the Guarantors should be shared by the Guarantors pro rata to their respective share of the total aggregate principal amount of all Guarantees.

2.3 Indemnification Procedures

- (a) Each Indemnified Party shall notify the Indemnifying Party in writing of the Losses for which indemnification is sought from such Indemnifying Party hereunder (each an "**Indemnified Claim**") and provide to the Indemnifying Party a copy of the CWB demand or evidence of payment under an Indemnifying Party's Guarantee together with all other relevant documentation in the possession of the Indemnified Party relating to the Indemnified Claim.
- (b) The Indemnified Party's written notice to the Indemnifying Party shall specify the amount of the Indemnified Claim and:
 - (i) if such Indemnified Claim shall have been paid by the Indemnified Party, the amount so paid and the date on which payment was made, and
 - (ii) if such Indemnified Claim shall not as yet have been paid by the Indemnified Party, the date on which the Indemnified Party intends to make payment and the amount to be paid by it on such date.

- (c) If the Indemnified Party shall have made payment of an Indemnified Claim, as described in subsection (b) of this Section 2.3, the Indemnifying Party shall pay to the Indemnified Party not later than five (5) Business Days after receipt of the Indemnified Party's written notice, the percentage of such payment amount for which such Indemnifying Party is liable in accordance with Section 2.2. If the Indemnified Party has not as yet made payment of an Indemnified Claim, as described in subsection (b) of this Section 2.3, the Indemnifying Party shall pay to the Indemnified Party not later than the payment date specified in the Indemnified Party's written notice (which shall not be less than five (5) Business Days of receipt of the notice by the Indemnifying Party), the percentage of the amount to be paid for which the Indemnifying Party is liable in accordance with Section 2.2.

2.4 Payment

Any payment not made when due hereunder shall bear interest, payable on demand, for each day from and including the applicable payment due date to but excluding the date on which such overdue payment is made at a rate equal at all times to the Prime Rate from time to time plus 2% per annum.

2.5 Reinstatement of Obligations

If at any time all or any part of any payment made by an Indemnifying Party hereunder is or must be recovered from or repaid by the Indemnified Party for any reason whatsoever (including, but not limited to, the insolvency, bankruptcy or reorganization of such Indemnifying Party), the obligations of such Indemnifying Party hereunder shall continue to be effective or be reinstated as though such payment had not been made.

2.6 Sharing of Recoveries

If an Indemnified Party shall receive or recover any payment or amount for which it has been indemnified hereunder or fails within a reasonable period to make the entire payment in respect of a liability from which it recovered from an Indemnifying Party under Section 2.3, or if the Claim is withdrawn, the Indemnified Party shall pay over to the Indemnifying Party, the Indemnifying Party's full indemnification payment hereunder in relation to such received, recovered or unpaid amount, or such Indemnifying Party's allocated percentage of such received, recovered or unpaid amount. Any payment required to be made by the Indemnified Party to any Indemnifying Party pursuant to this Section 2.6 shall be made in accordance with, and subject to the terms specified in, Section 2.4.

2.7 Subrogation Rights

- (a) Subject to Section 2.7(b), the Guarantors agree that concurrent with any voluntary payment made by any Guarantor (a "**Paying Guarantor**") on behalf of another Guarantor (a "**Defaulting Guarantor**") under or in respect of the Defaulting Guarantor's Guarantees, the Defaulting Guarantor shall be deemed to assign and transfer to the Paying Guarantor any and all rights of subrogation accruing to the Defaulting Guarantor under its Guarantees arising from the payment by the Paying Guarantor, such assignment and transfer to be pro rata based on the portion of such amount paid by Paying Guarantor.
- (b) Upon any Indemnified Party's receipt of a payment hereunder from an Indemnifying Party in relation to an Indemnified Claim, the Indemnified Party shall assign and transfer to such Indemnifying Party any and all rights of subrogation accruing to it under its Guarantees, as the

case may be, arising from the payment of such Claim, such assignment and transfer to be pro rata based on the portion of such Indemnified Claim paid by the Indemnifying Party.

**ARTICLE 3
MISCELLANEOUS**

3.1 Notices

All notices and other communications hereunder will be in writing and will be deemed given if delivered personally or by facsimile transmission to the Guarantors at the following addresses (or at such other address for a Guarantor as will be specified by like notice); provided that notice of a change of address will be effective only upon receipt thereof:

(a) to Marjad, as follows:

Marjad Inc.
Suite 1702, 200 King Street W.
Toronto, Ontario M5H 3T4

Facsimile: (416) 214-5509
Attention: Mr. Wilmot Matthews

(b) to Giannelia, as follows:

Paul Giannelia
c/o RS Technologies
#400, 2421 - 37 Avenue NE
Calgary, Alberta T2E 6Y7

Facsimile: (403) 219-8001

(c) to Felesky, as follows:

Brian Felesky
c/o Felesky Flynn LLP
5000 Petro-Canada Centre
150 - 6th Avenue SW
Calgary, Alberta T2P 3Y7

Facsimile: (403) 263-9649

(d) to Gray, as follows:

James Gray
c/o Brookfield Asset Management Inc.
335 - 8th Avenue SW, Suite 1700
Calgary, Alberta T2P 1C9

Facsimile: (403) 663-3340

(e) to Hunka, as follows:

Dwayne Hunka
#402, 11930 - 100th Avenue
Edmonton, Alberta T5K 0K5

Facsimile: (780) 980-5890

(f) to Williams, as follows:

David Williams
c/o Roxborough Holdings Limited
45 St. Clair Avenue West, Suite 1202
Toronto, Ontario M4V 1K9

Facsimile: (416) 364-6650

3.2 Successors and Assigns

This Cross Indemnity Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and assigns; *provided, however*, that no party hereto may assign or delegate any of its duties or obligations under this Cross Indemnity Agreement without the prior written consent of the other party, which consent may be granted or withheld in each party's sole and absolute discretion.

3.3 Amendment

This Cross Indemnity Agreement will not be varied or amended in its terms otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the parties.

3.4 Severability

If any provision of this Cross Indemnity Agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Cross Indemnity Agreement and the remaining provisions will remain in full force and effect.

3.5 Entire Agreement

This Cross Indemnity Agreement constitutes the entire agreement of the parties concerning the allocation of liability among the parties with respect to the Guarantees, and this Cross Indemnity Agreement supersedes all prior written and oral agreements and understandings among the parties with respect thereto.

3.6 **Governing Law and Jurisdiction**

This Cross Indemnity Agreement is governed by and will be interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Each party irrevocably attorns and submits to the non-exclusive jurisdiction of the Alberta courts situated in the City of Calgary, and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

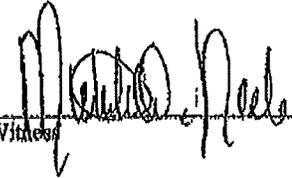
[Signature page follows.]

3.7 Counterparts

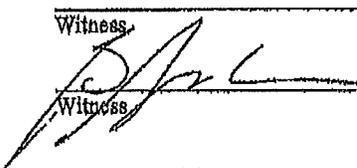
This Cross Indemnity Agreement may be executed in any number of counterparts (and by fax or other electronic means), no one of which needs to be executed by both Parties, and when both Parties have executed a counterpart hereof, all such counterparts will together comprise one and the same agreement and this Cross Indemnity Agreement will be binding upon the parties, with the same force and effect as if all parties had signed the same document, and each such signed counterpart will constitute an original of this Cross Indemnity Agreement.

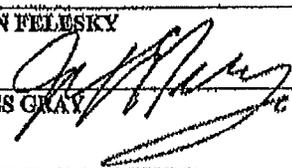
MARJAD INC.

By: 
Name: Wilmot Matthews
Title: President


Witness


PAUL GIANNELIA

Witness

Witness

BRIAN FELESKY

JAMES GRAY

Witness

DWAYNE HUNKA

Witness

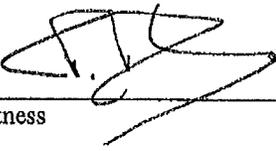
DAVID WILLIAMS

3.7 Counterparts

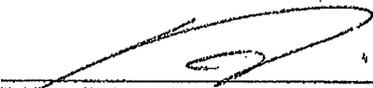
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MARJAD INC.

By: _____
Name: Wilmot Matthews
Title: President



Witness



PAUL GIANNELIA

Witness

BRIAN FELESKY

Witness

JAMES GRAY

Witness

DWAYNE HUNKA

Witness

DAVID WILLIAMS

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MARJAD INC.

By: _____
Name: Wilmot Matthews
Title: President

Witness
Shada Kessen
Witness

PAUL GIANNELIA
[Signature]
BRIAN FELESKY

Witness

JAMES GRAY

Witness

DWAYNE HUNKA

Witness

DAVID WILLIAMS

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MARJAD INC.

By: _____
Name: Wilmot Matthews
Title: President

Witness

PAUL GIANNELLA

Witness

BRIAN FELESICKY

Witness

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DWAYNE HUNKA

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MARJAD INC.

By: _____
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Witness

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BRIAN FELESKY

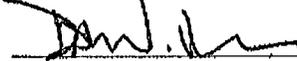
Witness

JAMES GRAY

Witness

DWAYNE HUNKA

Witness



DAVID WILLIAMS