

COURT FILE NUMBER 1801-06578
COURT Court of Queen's Bench of Alberta
JUDICIAL CENTRE Calgary

PLAINTIFF **MAYNARDS FINANCIAL LIMITED PARTNERSHIP, by its General Partner, Maynards Capital Inc.**

DEFENDANTS **CLAYTON CONSTRUCTION CO. LTD., GLENN CLAYTON, and JOHN JAMES CLAYTON**

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Fasken Martineau DuMoulin LLP
Barristers and Solicitors
3400 350 7th Ave SW
Calgary AB T2P 3N9**

Attention: Kibben Jackson / Travis Lysak
Tel: (604) 631-4786 / (403) 261- 5501
Email: kjackson@fasken.com / tlysak@fasken.com
File No.: 310793.00002

AFFIDAVIT OF STEPHEN DAVIES

Sworn on May 4, 2018

I, Stephen Davies, of the City of Ottawa, in the Province of Ontario, MAKE OATH AND SWEAR AND SAY THAT:

1. I am a Senior Vice President and Chief Risk Officer of Maynards Capital Inc., the General Partner of the Applicant, Maynards Financial Limited Partnership ("Maynards"), and as such I have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, and where so stated I believe the same to be true. I am authorized by Maynards to swear this affidavit on its behalf.

The Loan

2. Pursuant to a loan agreement dated August 27, 2014, and amended by, among others, amending agreements dated September 29, 2014, May 31, 2015, December 31, 2016, June 30, 2017, and November 30, 2017 (collectively, as amended, the “**Loan Agreement**”), and all of which are attached hereto collectively as **Exhibit “A”**, Maynards agreed to make and made loans to Clayton Construction Co. Ltd. (“**Clayton Co.**”) as follows:
 - (a) a term loan credit facility of up to \$7,000,000.00; and
 - (b) a demand revolving line of credit in an amount of up to \$2,500,000.00,

(collectively, the “**Loan**”).
3. Pursuant to the Loan Agreement, the Indebtedness (as defined below) was due and payable upon the earlier of February 28, 2018 or the occurrence of a default under the Loan Agreement.

The Security Documents

4. The repayment of the monies from time to time due and owing by Clayton Co. to Maynards in respect of the Loan, including interest thereon and all other costs, charges, and expenses associated with the recovery of the foregoing amounts, including legal costs on a solicitor and own client, full indemnity basis (collectively, the “**Indebtedness**”), is secured in whole or in part by various security instruments granted by Clayton Co. in favour of Maynards, including:
 - (a) a General Security Agreement dated August 27, 2014, (the “**Clayton Co. GSA**”), a copy of which is attached and marked hereto as **Exhibit “B”**;
 - (b) an Assignment and Postponement of Claim dated August 27, 2014 executed by Glenn Clayton in favour of Maynards (the “**Glenn Clayton Assignment**”), a copy of which is attached and marked hereto as **Exhibit “C”**; and

- (c) an Assignment and Postponement of Claim dated August 27, 2014 executed by John James Clayton in favour of Maynards (the “**John Clayton Assignment**”), a copy of which is attached and marked hereto as **Exhibit “D”**.

Glenn Clayton Guarantee

5. Glenn Clayton executed a Limited Liability Guarantee dated August 27, 2014 (the “**Glenn Clayton Guarantee**”), pursuant to which Glenn Clayton agreed to repay the Indebtedness owing by Clayton Co. to Maynards up to an amount of \$1,000,000, plus all other amounts, including interest and costs, due under the Clayton Guarantee (the “**Clayton Guarantee Liability**”). A copy of the Clayton Guarantee is attached and marked hereto as **Exhibit “E”**. As security for the Clayton Guarantee Liability, Glenn Clayton executed the Glenn Clayton Assignment.

Default and Demands

6. As of March 6, 2018, Clayton Co. had defaulted under the Loan. Its defaults included failing to repay the Indebtedness within five days of February 28, 2018, which is the date the Indebtedness was due pursuant to the Loan Agreement (the “**Default**”).
7. As a result of the Default, Maynards issues a demand letter and a Notice of Intention to Enforce Security pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act* dated April 4, 2018 (collectively, the “**Demand Letter**”), pursuant to which it demanded:
 - (a) the repayment of the Indebtedness from Clayton Co.; and
 - (b) the repayment of the Glenn Clayton Guarantee Liability from Glenn Clayton.
8. Clayton Co. and Glenn Clayton have refused or neglected to pay the amounts demanded pursuant to the Demand Letter.
9. A copy of the Demand Letter is attached hereto as **Exhibit “F”**.

Amounts owing

10. As of May 8, 2018:

- (a) the Indebtedness is \$6,750,051.74, plus costs payable pursuant to the Loan Agreement; and
- (b) the Clayton Guarantee Liability is \$1,016,273.97 plus costs payable pursuant to the Glenn Clayton Guarantee.

Appointment of a Receiver is Necessary, Just and Appropriate

- 11. The Clayton Co. GSA provides that the Bank is entitled to appoint a receiver in the event of default by Clayton Co.
- 12. I believe that appointing a receiver over the assets of Clayton Co., and no other remedy, will maximize realizations for the benefit of not only Maynards, but all creditors. Among other things, a receiver will be able to secure, preserve and sell all of Clayton Co.'s assets in an organized manner, which I believe will result in a better recovery. Moreover, a stay of proceedings, if granted, would ensure that individual creditors do not take steps to realize on assets independently, which I believe would only create difficulties and likely result in lower overall realizations.
- 13. I am advised by Deryck Helkaa of FTI Consulting Canada Inc. ("FTI") that FTI is qualified and has agreed to act and has consented to being appointed as receiver of the assets of Clayton Co. and to exercising any and all of the proposed powers provided for in the draft receivership order, which I have reviewed.

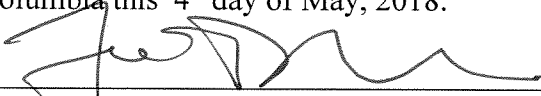
Appointment of a Receiver is Necessary, Just and Convenient

- 14. In the interest of the preservation of the estate of Clayton Co., it is essential that a receiver is appointed as soon as possible and, accordingly, it is impractical to provide notice of an application to appoint a receiver to all of Clayton Co.'s secured creditors.
- 15. I swear this affidavit in support of an application for:
 - (a) the appointment of FTI as receiver of the assets of Clayton Co.;
 - (b) judgment against Clayton Co. for the amount of the Indebtedness; and

(c) judgment against Glenn Clayton for the amount of the Clayton Guarantee Liability;

and not for any improper purpose.


SWORN BEFORE ME at Vancouver, British Columbia this 4th day of May, 2018.)


_____)
A Commissioner of Oaths or Notary Public in and for the Province of British Columbia.)


_____)
STEPHEN DAVIES

FERGUS J.L. MCDONNELL
Barrister & Solicitor
Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
604 631 3131

EXHIBIT A

This is Exhibit IA referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 2018

A Commissioner for taking
Affidavits for British Columbia

LOAN AGREEMENT

In consideration of the covenants and agreements between the Lender and the Borrower contained in this agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender may advance the Loan pursuant to the terms of this agreement.

Words not otherwise defined herein have the meaning ascribed on Schedule "A" attached hereto.

Borrower Clayton Construction Co. Ltd.
Lender Maynards Financial Limited Partnership

Guarantor Glen Clayton

Loan Facility 1: a term loan credit facility of up to \$7,000,000.00.
Facility 2: a demand, revolving line of credit of up to \$2,500,000.00.

At no time shall the total principal of the Loan exceed \$9,500,000.00 in aggregate.

Use of Proceeds The Borrower covenants and agrees with the Lender that the Loan will only be drawn down and used by the Borrower to:

- (a) pay outstanding debt on existing equipment secured in priority to the security interests granted by the Borrower to the Lender;
- (b) acquire new equipment as approved by the Lender;
- (c) provide working capital pursuant to a cash-flow forecast as approved by the Lender; and
- (d) pay all fees and expenses to the Lender pursuant to this agreement and any other agreement between the Borrower and the Lender.

Loan Advance

1. Subject to and upon the fulfilment of the Initial Advance Conditions Precedent (set out below), the Lender will advance up to the sum of \$1,947,956.36 of Facility 1 to the Borrower or as directed by the Borrower;
2. Subject to and upon the fulfilment of the Subsequent Advance Conditions Precedent set out below, the Lender will advance the balance of Facility 1 to the Borrower or as directed by the Borrower and will make Facility 2 available to the Borrower.

Interest Interest Rate: 15%
Default Rate: 18%

Positive Reduction: 1.5%

The Loan together with all accrued but unpaid interest, costs and expenses pursuant to this agreement or any other agreement between the Borrower and

the Lender will bear interest from the applicable Advance Date until paid in full to the Lender (as well before as after maturity, demand, Default or judgment) at the Interest Rate, compounded monthly and calculated on the daily outstanding balance owing by the Borrower to the Lender. Six months following the initial Advance Date, and every three months thereafter, if the Borrower has reported in the immediately preceding 12 month period:

- (a) a net profit after all expenses including interest and taxes, but excluding depreciation and amortization; and
- (b) a Debt Servicing Coverage Ratio of more than 1.35;

the Interest Rate will be reduced by the Positive Reduction. At no time will the Interest Rate be less than 12%.

If, at any time:

- (a) there is a Default; or
- (b) over the immediately preceding 6 month period, the Borrower reports a Debt Servicing Coverage Ratio of less than 1.0; or

at any time in the 6 months following the initial Advance Date:

- (c) over the immediately preceding 12 month period, the Borrower reports a loss after all expenses including interest and taxes, but excluding depreciation and amortization;

the Interest Rate will immediately and without notice be the Default Rate.

Term

The Indebtedness will become immediately due and payable upon the earlier of:

- (a) 18 months following the initial Advance Date; or
- (b) the occurrence of a Default.

Payments

Facility 1: During the term of Facility 1, interest shall be payable in arrears by way of pre-authorized electronic debit on the last Business Day of each calendar month. Commencing the 9th month following the initial Advance Date until the end of the Term, the Borrower will also make payments equal to 1.75% of the outstanding principal balance of Facility 1 by way of pre-authorized electronic debit on the last Business Day of each calendar month.

Facility 2: During the term of Facility 1, interest shall be payable in arrears by way of pre-authorized electronic debit on the last Business Day of each calendar month.

Commitment Fee

The Borrower will pay to the Lender a one-time commitment fee of \$142,500 (being 1.5% of the maximum principal amount available under the Loan). The Commitment Fee shall be fully earned and paid on the initial Advance Date by way of deduction from the initial advance of the Loan.

If, after the execution and delivery of this agreement, the Borrower does not draw down the entirety of Facility 1 in circumstances where the Lender is prepared to complete the advance in accordance with the terms and conditions set out in this

agreement, the Commitment Fee will nonetheless be fully earned and payable to the Lender.

If the Borrower has otherwise met the Initial Conditions Precedent and the Subsequent Conditions Precedent, and the Lender is unwilling to advance or make available the full Loan, the Borrower shall be credited against the indebtedness an amount equal to 1.5% of the principal portion of the Loan not made available to the Borrower.

Monitoring Fee

The Borrower will pay the Lender a monitoring fee of \$500 per month, payable on the last Business Day of each month until the repayment of all amounts outstanding under this agreement.

Standby Charge

The Borrower will pay to the Lender a standby fee calculated on the amount, if any, by which the amount of the outstanding principal amount of Facility 2 drawn down by the Borrower each day during the term hereof is less than the maximum principal amount of Facility 2, at the rate per annum equal to 2% per annum, calculated daily and compounded monthly, payable on the last Business Day of each month until the repayment of all amounts outstanding under this agreement.

**Initial Advance
Conditions
Precedent**

The obligation of the Lender to make the initial advance of Facility 1 is subject to the following conditions precedent (each to be satisfied in the sole discretion of the Lender) on or before the initial Advance Date of Facility 1:

- (a) the Lender's physical appraisal of the Equipment supporting a minimum forced sale valuation of at least \$11,600,000;
- (b) the Lender's satisfactory completion of collateral review with respect to the Equipment;
- (c) the receipt by the Lender from the Borrower of all agreed fees and expenses which are payable by the Borrower to the Lender;
- (d) the receipt by the Lender of confirmation that all necessary registrations and other requirements have been done to preserve and perfect a first charge security interest in favour of the Lender over such Collateral as the Lender determines, in its sole discretion, is sufficient to permit an initial advance of Facility 1 (the "Initial Collateral");
- (e) the receipt by the Lender of confirmation that all necessary registrations and other requirements have been done to preserve and perfect a second charge security interest in favour of the Lender over the Remaining Collateral;
- (f) the receipt by the Lender from the Borrower or a supplier on an itemized basis, of complete descriptions and locations of the Equipment, including make (manufacturer), model numbers and serial numbers of all major components, including physical inspection and appraisal of the Equipment by a qualified appraiser acceptable to the Lender as reasonably required by the Lender;
- (g) the receipt by the Lender from the Borrower of an initial monthly

cash flow forecast for the upcoming 12 month period;

- (h) the receipt by the Lender from the Borrower of written confirmation that the Borrower has secured adequate insurance coverage, pursuant to Section 6 of the attached additional terms;
- (i) the receipt by the Lender from the Borrower and the Guarantor, of all security documentation as required by the Lender, such security to be granted in favour of the Lender and registered, as applicable, and in form and substance satisfactory to the Lender
- (j) the receipt by the Lender from the Borrower of an executed original of this agreement and all supporting officer's certificates and other documentation the Lender may require, in form and substance satisfactory to the Lender
- (k) satisfactory completion by the Lender of all business, financial, legal and environmental due diligence with respect to the Borrower and the Guarantor;
- (l) no Default nor any event which, after notice or lapse of time or both, would become a Default will have occurred and be continuing;
- (m) all representations and warranties made by the Borrower to the Lender hereunder will be true and correct as of the Advance Date; and
- (n) there has occurred no material adverse change in respect of the Borrower or the Guarantor which could influence the Lender's risk or economic position.

**Subsequent
Advance Conditions
Precedent**

The obligation of the Lender to advance the remainder of Facility 1 and make an advance pursuant to Facility 2 is subject to the following conditions precedent (each to be satisfied in the sole discretion of the Lender) on or before the respective Advance Date:

- (a) each of the Initial Advance Conditions Precedent is satisfied and remains true as at the Advance Date; and
- (b) the Lender receives confirmation that all necessary registrations and other requirements have been done to preserve and perfect a first charge security interest in favour of the Lender over the Collateral.

Security

As continuing collateral security for all obligations of the Borrower to the Lender, the Borrower will execute and deliver, or cause to be executed and delivered to the Lender:

- (a) a general security agreement from the Borrower in favour of the Lender granting the Lender a first-priority security interest over all present and after-acquired personal property of the Borrower;
- (b) a guarantee of the Guarantor of all obligations of the Borrower to

- the Lender to a maximum principal amount of \$1,000,000.00;
- (c) an assignment and postponement of claim in favour of the Lender from each shareholder of the Borrower; and
- (d) such further and other security as the Lender may require.

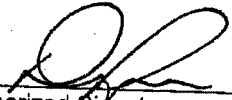
Additional Terms and Schedules

The Additional Terms and Conditions and Schedules attached hereto form part of this agreement and are incorporated herein.

IN WITNESS WHEREOF the parties hereto have executed this Loan Agreement effective the 27 day of August, 2014.

MAYNARDS FINANCIAL LIMITED PARTNERSHIP

By:



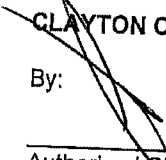
Authorized Signatory
Name: *Dean Shillington*
Title: *President*

1837 Main Street
Vancouver, BC V5T 3B8

Attention: President
Facsimile: 1 (866) 684-7726

CLAYTON CONSTRUCTION CO. LTD.

By:



Authorized Signatory
Name: *Glenn Allan Clayton*
Title: *President*

6209 - 44 Street
Lloydminster, AB T9W 1V8

Mailing Address

P.O. Box 11577
Lloydminster, AB T9V 3B8

Attention: President
Fax No.: 780.871.5996

ADDITIONAL TERMS AND CONDITIONS

1. **PREPAYMENT.** The Loan may be prepaid in whole or in part after 8 months have elapsed following the Initial Advance Date upon payment to the Lender of prepayment charges as follows:

- (a) If the prepayment is made between 9 months and up to 15 months following the Initial Advance Date, the prepayment charge will be equal to two months at the Interest Rate then in effect on the amount of the prepayment; and
- (b) if the prepayment is made from 15 months following the initial Advance Date and prior to the Maturity Date, the prepayment charge will be equal to one month interest at the Interest Rate then in effect on the amount of the prepayment.

Any portion of the Loan prepaid will be applied as a permanent reduction of the principal amount of Facility 2 unless otherwise agreed. If a Default or a Loss of Equipment occurs, the prepayment charges will also be payable by the Borrower.

Notwithstanding the foregoing, the Borrower will be permitted to sell Equipment (with the consent of the Lender) without a prepayment penalty of up to \$250,000 per transaction to a maximum aggregate of \$500,000 provided no default has occurred.

2. **FACILITY 2 ADVANCE.** Each request for an advance from Facility 2 must be accompanied by such confirmations and certificates as the Lender requires, and the Lender may in its sole discretion, approve the advance. Each advance must be in a minimum amount of \$100,000. At least 3 Business Days' notice must be given for each requested advance.

3. **REPRESENTATIONS AND WARRANTIES OF BORROWER.** The Borrower represents and warrants, and as long as this agreement remains in effect, will be deemed to continuously represent and warrant, that:

- (a) The Borrower 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 makes such necessary;
- (b) The Borrower has the right, power and authority to enter into this agreement and all other documents related thereto or arising therefrom, including all required Security (collectively, the "Documents");
- (c) the execution, delivery and performance of the Documents have been duly authorized by all necessary corporate action and are not in contravention of any instrument by which the Borrower has been incorporated or continued, any instrument amending any such instrument, any internal regulation of the Borrower, any law, or any indenture, agreement or undertaking to which the Borrower is a party or by which it is bound;
- (d) the Documents are and will continue to be legal, valid and binding obligations of the Borrower enforceable against it in accordance with their terms;
- (e) The Borrower has not previously carried on business, does not currently carry on business, and will not, without the prior written consent of the Lender, in the future carry on business under any name other than the name of the Borrower in this agreement;
- (f) the Collateral is genuine and is legally and beneficially owned by the Borrower free of all security interests except those disclosed in the Personal Property Registries of Alberta, Saskatchewan and Manitoba;

- (g) the description of the Equipment, whether contained herein or provided elsewhere by the Borrower to the Lender, is complete and accurate and all serial numbers affixed or ascribed to any of the Collateral have been
- (h) all financial statements, certificates and other information concerning the Borrower's financial condition or otherwise from time to time furnished by the Borrower to the Lender are and will be in all respects complete, correct and fair representations of the affairs of the Borrower stated in accordance with generally accepted accounting principles applied on a consistent basis;
- (i) there has not been and will not be a material adverse change in the Borrower's position, financial or otherwise, from that indicated by the financial statements which have been delivered to the Lender;
- (j) all payments to the Lender are and will be derived from legal sources; and
- (k) there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower except as have been disclosed in writing to and approved by the Lender.

4. **COVENANTS OF BORROWER.** The Borrower covenants:

- (a) to notify the Lender promptly, and in any event within 5 days, in writing of:
 - (i) any change in the information contained in this agreement including any information relating to the Borrower (including its name), the Borrower's business, the Collateral, or the locations of the Collateral or the records of the Borrower, so that the Lender will be constantly advised of all places where the Borrower 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 Lender), and for the purposes of this agreement "significant" will mean any item or items the value of which exceeds in the aggregate \$25,000.00;
 - (iv) the details of any claims or litigation affecting the Borrower, the Guarantor and/or the Collateral;
 - (v) any loss or damage to the Collateral; and
 - (vi) any breach of any environmental regulations or license or any control orders, work orders, stop orders, action requests, violation notices or the like received concerning any of the Borrower's property and to comply with any such requests or notices and to diligently clean up any spills.
- (b) 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;
- (c) to execute, acknowledge and deliver such further agreements and documents supplemental hereto (including financial statements, further schedules to this agreement, assignments and transfers) and to do all acts, matters and things as may be requested by the Lender in order to give effect to this agreement, including 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;
- (d) to punctually pay and discharge all taxes, rates, levies, assessments and other charges of every nature which might result in any security interest, encumbrance, right

of distress, forfeiture or termination or sale, or any other remedy being enforced against the Collateral and to provide to the Lender satisfactory evidence of such payment and discharge;

- (e) to maintain its corporate existence, and to diligently preserve all its rights, licenses, powers, privileges, franchises and goodwill;
- (f) 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;
- (g) to carry on and conduct its business in an efficient and proper manner so as to preserve and protect the Collateral and income therefrom;
- (h) 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;
- (i) 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 Borrower of its business;
- (j) to allow the Lender, its agents, nominees and consultants to access to its premises from time to time in order to view the state and condition of its property, to carry out such environmental reviews as the Lender in its sole discretion deems advisable and to inspect its books and records and make extracts therefrom;
- (k) to deliver to the Lender from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Investment Property 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 Borrower regarding its business;
 - (iv) all policies and certificates of insurance relating to the Borrower and the Collateral, and
 - (v) such further information concerning the Collateral, the Borrower and the Borrower's business and affairs as the Lender may request;
- (l) not to change the present use of the Collateral; and
- (m) to comply with all other requirements of the Lender, whether in the nature of positive or negative covenants, as may be communicated by the Lender to the Borrower from time to time.

5. REPORTING REQUIREMENTS. The Borrower agrees to provide the following to the Lender:

- (a) copy of its most recent annual financial statements, audited if applicable, promptly upon availability and in any event, within 120 days of each financial year-end. Upon request by the Lender, the Borrower agrees also to furnish its quarterly financial statements promptly upon availability;
- (b) monthly interim financial statements, promptly upon availability and in any event, within one month of each month end;
- (c) monthly statement of account from the Receiver General supporting all priority payables are in good standing and up to date; and
- (d) any further information, data, financial reports and records, accounting or banking statements which the Lender may from time to time require in its sole discretion, acting reasonably.

6. INSURANCE. The Borrower will insure and keep fully

insured the Collateral against loss, theft, destruction or damage from any cause whatsoever, together with comprehensive general liability insurance in the amount of \$5,000,000, in form and with insurers acceptable to the Lender. Each insurance policy will name the Lender and the Borrower as named insureds, name the Lender as first loss payee and contain a clause providing that the policy will not be cancelled or altered without at least 30 days prior written notice to the Lender. The Borrower will deliver to the Lender all insurance policies with premiums prepaid, or provide evidence satisfactory to the Lender that such insurance is in place, on or before the date of delivery of the Collateral. The Borrower will deliver to the Lender, prior to expiration of any policy, proof of renewal satisfactory to the Lender. The Borrower will immediately advise the Lender of all accidents involving the Collateral and all claims made or actions commenced in respect of the Collateral, and forward all correspondence and legal process in respect thereof to the insurer with copies to the Lender. In the event of damage to any item of the Collateral amounting to a Loss of Equipment, the Lender will be entitled to receive immediate payment of the amount equal to the Accrued Liability with respect to such item of Equipment. The Lender may retain any monies received from the insurance proceeds in an amount equal thereto, the Borrower remaining liable for any deficiency. If loss or damage occurs and the Borrower is not in violation of the terms of any such policy and no Default has occurred, the Lender will pay the Borrower any insurance proceeds received by the Lender in excess of the Accrued Liability.

7. EVENTS OF DEFAULT. Any of the following constitutes Default:

- (a) failure of the Borrower to pay any Indebtedness within 5 days after its due date;
- (b) failure of the Borrower or Guarantor to perform or observe any obligation, covenant, term, provision or condition contained in this agreement, any other Document or other agreement made by the Borrower or Guarantor with or in favour of the Lender and such default continues for 10 days after notice thereof by the Lender to the Borrower or Guarantor, as applicable;
- (c) The Borrower 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 Borrower, the making of an authorized assignment for the benefit of the creditors of the Borrower, the appointment of a receiver, receiver-manager, receiver and manager or trustee for the Borrower or any assets of the Borrower, or the institution by or against the Borrower of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act*, *Companies Creditors Arrangement Act* or similar legislation in any jurisdiction;
- (d) any act, matter or thing being done toward, or the commencement of any action or proceeding for, terminating the corporate existence of the Borrower;
- (e) any security interest affecting the Collateral becomes enforceable;
- (f) The Borrower ceases or threatens to cease to carry on its business or makes or proposes to make a sale of all or substantially all of its assets or any sale of the Collateral other than as expressly permitted herein;
- (g) any execution or other process of any court becomes enforceable against the Borrower or a distress or analogous process is levied upon the assets of the Borrower or any part thereof (whether or not forming part of the Collateral);
- (h) if ownership of or control and direction over the assets or undertaking of the Borrower or Guarantor or the majority of its voting shares, units or other ownership

interests changes, by amalgamation, merger, sale, transfer of shares, units or other ownership interests or otherwise, except pursuant to death of a shareholder, partner or unitholder;

- (i) The Borrower 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 security interests in favour of the Lender to remain unpaid for 30 days after proceedings have been taken to enforce the same;
- (j) The Borrower 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) any representation or warranty furnished by or on behalf of the Borrower or Guarantor pursuant to or in connection with this agreement or other Document (regardless of the form thereof or whether contained herein or elsewhere), whether as an inducement to the Lender to extend any credit to or to enter into this or any other agreement with the Borrower 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 Borrower or Guarantor;
- (l) there occurs any material adverse change in:
 - (i) the Borrower's or Guarantor position (financial or otherwise), or in the nature and value of the Collateral; or
 - (ii) any property, equipment or business activities of the Borrower or Guarantor; andthe Lender considers or deems, in its sole opinion, that the security held by it are not sufficient security in relation to the extent of the indebtedness.

8. ACCELERATION. In the event of Default, the Lender, 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 will not in any way affect any rights of the Lender with respect to any indebtedness which may now or hereafter be payable on demand.

9. REMEDIES. Upon Default, the Lender will have the following rights and powers, which the Lender may exercise immediately:

- (a) to declare this agreement to be in default (with or without terminating this agreement) whereupon all indebtedness hereunder will be immediately due, payable and enforceable without any notice or demand whatsoever;
- (b) to terminate this agreement;
- (c) whether or not this agreement may have been or be deemed to have been terminated, demand, sue for and recover the amount equal to the Accrued Liability;
- (d) to enforce any security held by the Lender; and
- (e) to take the benefit of or to exercise any other right, proceeding or remedy authorized or permitted at law or in equity, whether.

All rights and remedies of the Lender are cumulative and may be exercised at any time and from time to time independently or in combination. No delay or omission by the Lender in exercising any right or remedy will operate as a waiver thereof or of any other right or remedy, and no singular partial exercise thereof will preclude any other or further exercise thereof or the exercise of any other right or remedy. Provided always that the Lender will 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 Lender will have no obligation to take any steps to preserve rights against other parties, will have no obligation to exercise any of the rights and remedies available to it on Default and will not be liable or accountable for not exercising any such rights and remedies. The Lender may waive any Default but no such waiver will be effective unless made in writing and signed by an authorized officer of the Lender. Any such waiver will not extend to, or be taken in any manner whatsoever to affect, any subsequent Default or the rights resulting therefrom.

10. BORROWER'S GENERAL INDEMNITIES. The Borrower will indemnify and save harmless the Lender from and against all existing or future losses, costs, charges, expenses, liabilities, claims, demands, penalties, damages, suits, actions and causes of action of every nature and kind whatsoever, including strict liability in tort or in delict and liability from environmental risks, hazards or incidents and any legal proceedings arising as a result of any of the foregoing (collectively, the "Claims") sustained or suffered by the Lender, or for which the Lender may become liable, resulting from or arising out of:

- (a) the Lender's lawful exercise or performance of its rights or obligations under this agreement or any security held by the Lender in relation to the obligations of the Borrower;
- (b) any Default;
- (c) any personal injury or property damage or other commercial loss arising out of the sale or delivery to, installation, ownership, use, operation, maintenance, condition, return, removal and re-delivery of the Collateral; or
- (e) any use or operation of the Collateral which infringes any patent or other industrial or intellectual property right, unless caused by the gross negligence or willful misconduct of the Lender, its employees, servants or agents.

11. COSTS. All costs, including legal fees (on a solicitor and his own client full indemnity basis), appraisal fees and reasonable out-of-pocket expenses incurred by the Lender in connection with the preparation and registration of the Documents and the Lender's security, administration of financial services hereunder and the enforcement of the Lender's rights under the Documents or the Lender's security are for the account of the Borrower and this agreement will serve as the Lender's authority to charge this amount to the Borrower's deposit account under advice to the Borrower. All such costs will be added to the indebtedness and will be secured by the security held by the Lender.

12. PRE-AUTHORIZED PAYMENTS. All payments will be drawn from a specified account of the Borrower pursuant to a pre-authorized payment debit delivered by the Borrower to the Lender. The Lender is hereby authorized to deliver such payment orders to the financial institution named therein. The Borrower hereby appoints the Lender its lawful attorney to take all action contemplated by such payment orders to receive payment of any amount due under this agreement. The Lender may decline any other form of payment.

13. NO SET-OFF - EXCLUSION AND ASSIGNMENT OF WARRANTIES. The Borrower irrevocably and unconditionally waives all equities and rights of set-off and counterclaim against any obligations hereunder and agrees to pay the indebtedness without regard to any equities. Neither defects in, damage to, nor loss or destruction of the Collateral will terminate this agreement or reduce the Borrower's obligations hereunder, except as otherwise expressly provided herein. The Lender will not be bound by

or be deemed to have made or be liable for any representation, warranty or promise made by a supplier or otherwise. The Lender will not be liable for any failure of the Collateral including any latent defect or alleged fundamental breach of this agreement. Neither the Lender nor any of its employees, servants or agents has made and does not now make any representation or warranty whatsoever, express or implied, with respect to the Collateral or any intellectual or industrial property rights therein including the design, specifications, condition, quality, merchantability or fitness for the Borrower's purposes and the Lender will have no liability for any direct, indirect, punitive, exemplary, special or consequential damages or loss of profits, actual or anticipated, or for any damages based on strict or absolute tort or delictual liability or the Lender's or a supplier's negligence. Nothing herein will deprive the Borrower of its rights against a supplier or any Person other than the Lender. The Borrower will make any Claims with respect to the Collateral directly against a supplier. If the Collateral is seized or sold by the Lender, all warranties of a supplier and rights to all software, other intellectual and Industrial property licenses accompanying goods will be deemed assigned by the Borrower to the Lender.

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

15. SUCCESSORS AND ASSIGNS. This agreement enures to the benefit of and is binding upon the parties and their successors and permitted assigns. The Lender may assign, transfer or syndicate, in whole or in part, its rights under this agreement, any other Document or pledge its rights thereunder without the Borrower's consent and the Borrower accepts such assignment, transfer, pledge or syndication and waives notice thereof. Any assignee, transferee or beneficiary of such assignment, transfer, pledge or syndication (each, an "Assignee") will be unrestricted in the exercise of such rights. The Borrower will recognize any such assignment, transfer or pledge. In the event of such assignment, transfer, pledge or syndication, the Borrower will execute and deliver all such agreements, documents and instruments as the Lender may reasonably request to effect and recognize such assignment, transfer, pledge or syndication. The Lender will be relieved and forever discharged of any and all of its covenants and obligations under this agreement and any other Document so assigned, transferred, pledged or syndicated from and after the effective date of same and the Borrower's recourse under this agreement and any other Documents, in respect of such portion so assigned, transferred, pledged or syndicated from and after the effective date will be to such new lender or new lenders only, as the case may be, and their successors and permitted assigns. The Borrower is not entitled to assign its rights or obligations hereunder.

16. INFORMATION. The Lender may from time to time give any loan or other information about the Borrower to, or receive such information from (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any Person with whom the Borrower may have or propose to have financial dealings, and (c) any Person in connection with any dealings the Borrower has or proposes to have with

the Lender. The Borrower agrees that the Lender may use that information to establish and maintain the Borrower's relationship with the Lender and offer any services as permitted by law, including services and products offered by the Lender's subsidiaries when it is considered that this may be suitable to the Borrower.

17. SURVIVAL. Notwithstanding any other Section, any accrued obligations and the obligations of the Borrower under Section 1 with respect to Loss of Equipment, Subsection 4(c), Section 10, Section 11, Subsection 20(f) and Section 14 and all rights of the Lender hereunder, whether accrued or not, will survive the termination or expiration of this agreement and the payment of the Accrued Liability and all other amounts payable hereunder.

18. MISCELLANEOUS

- (a) The Lender 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 Borrower, debtors of the Borrower, Guarantor(s), sureties and others and with the Collateral and other security as the Lender sees fit, all without prejudice to the liability of the Borrower to the Lender or to the Lender's rights in respect thereof. In addition, the Lender may demand, collect, and sue on the Collateral in either the Borrower's or the Lender's name, all at the Lender's option, and may endorse the Borrower'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 or the other Documents, nor the advance or readvance of part of the monies hereby intended to be secured, will bind the Lender to advance or readvance such monies or any unadvanced part thereof. The advance or readvance of such monies or any part thereof from time to time will be in the sole discretion of the Lender.
- (c) The Borrower hereby waives protest of any Instrument constituting Collateral at any time held by the Lender on which the Borrower is in any way liable and, except as expressly prohibited by law, waives notice of any other action taken by the Lender.
- (d) Without limiting any other right of the Lender, whenever the Indebtedness is due and payable or the Lender has the right to declare it to be due and payable (whether or not it has been so declared), the Lender may, in its sole discretion, set off against the Indebtedness any and all monies then owed to the Borrower by the Lender in any capacity, whether or not due, and the Lender will 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 Lender's records subsequent thereto.
- (e) In any action brought by an Assignee to enforce any rights hereunder, the Borrower will not assert against such Assignee any claim or defence which the Borrower now has or may hereafter have against the Lender.
- (f) This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this agreement by facsimile or electronic means shall be equally effective as delivery of a manually executed counterpart thereof.

19. NOTICE. Whenever the Borrower or the Lender 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 will be in writing and will be sufficiently

given only if delivered by hand or sent by prepaid registered mail addressed to the party for whom it is intended at the address listed on the face page hereof or by facsimile, as changed from time to time 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 will, in the case of delivery or facsimile, be deemed received on the date of delivery and, if mailed as aforesaid, will 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 will be delivered by nationally recognized courier.

20. INTERPRETATION.

- (a) This agreement will be governed by and construed in accordance with the laws of Alberta.
- (b) All references herein to "dollars" or "\$" are to Canadian dollars, unless otherwise indicated.
- (c) In the event of conflict among the provisions of this agreement and any other Documents, this agreement will prevail over such other Documents.
- (d) There are no representations, warranties, covenants, agreements or acknowledgements by the Lender affecting the Loan Amount, the Indebtedness, the Accrued Liability, this agreement or the Collateral, other than as expressed in this agreement and the other Documents.
- (e) 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 will remain in full force and effect and this agreement will be enforced to the fullest extent permitted by law.
- (f) The Borrower hereby waives the benefit of all statutory, common law and equitable rights, benefits and provisions which in any way limit or restrict the Lender's rights and remedies, to the extent that such waiver is not expressly prohibited by law. The Borrower acknowledges and agrees that the Lender will have the right to recover 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 Lender.
- (g) The headings of the Sections of this agreement are inserted for convenience of reference only and will not affect or limit the construction or interpretation of this agreement.
- (h) With the exception of any schedules which may be added hereafter by the Lender without the concurrence of the Borrower pursuant to the provisions of this agreement, no modification, variation or amendment of this agreement will be made except by a written agreement executed by the Borrower and the Lender.
- (i) When the context so requires, words importing the singular number will be read to include the plural and vice versa, and words importing gender will be read with all grammatical changes necessary to reflect the identity of the parties.
- (j) The word "including", when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used;
- (k) This agreement will enure to the benefit of the Lender, its successors and assigns and will be binding upon the Borrower, its personal representatives, administrators, successors and permitted assigns. If more than one Borrower executes this agreement, the obligations of Borrower will be joint and several.

- (l) Time will be in all respects of the essence of this agreement.

21. RECEIPT OF DOCUMENTS

- (a) The Borrower hereby acknowledges receiving a copy of this agreement and the other Documents; and
- (b) The Borrower 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 Lender pursuant to the Act.

SCHEDULE "A" – DEFINITIONS

Unless otherwise defined herein, the following definitions apply to this agreement:

"Accessions", "Chattel Paper", "Financing Change Statement", "Financing Statement", "Goods", "Instrument", and "Investment Property" will have the meanings ascribed to them in the Act and will be deemed to include both the singular and plural of such terms. All other capitalized words or terms used herein, unless otherwise defined herein, will have the meanings ascribed to them in the Act;

"Accrued Liability" means, at any time and from time to time, the amount equal to the sum of the Loan, any prepayment charge and all other amounts then payable hereunder, including any accrued interest;

"Act" means the *Personal Property Security Act* of Alberta in effect on the date hereof, as such legislation may be amended, renamed or replaced from time to time (and including all regulations from time to time made under such legislation);

"Advance Date" means the date on which any part of the Loan is advanced and which date will be a Business Day;

"agreement", "herein", and similar expressions refer to the whole of this Loan, together with all Schedules attached hereto and not to any particular section or other portion thereof and extend to and include every instrument which amends or supplements this agreement;

"Assignee" has the meaning given to it in Section 15;

"Business Day" means any day (other than a Saturday or a Sunday) that the Lender is open for business;

"Claims" has the meaning given to it in Section 10;

"Collateral" means all present and after-acquired personal property of the Borrower;

"Costs of Disposition" means all costs, disbursements, fees, commissions and other expenses (including legal fees on a solicitor and his own client full indemnity basis and expenses) which the Lender may incur, pay or be liable for in connection with recovering possession of, dismantling, removing, transporting, repairing, processing, reconditioning, storing, selling, leasing or otherwise disposing of the Collateral;

"Debt Servicing Coverage Ratio" means, for any particular date, the quotient of (i) the Borrowers net income or loss for the period, calculated on a consolidated basis and inclusive of all taxes, interest and amortization, and (ii) the total current liabilities of the Borrower, including the current portion of all long-term debt, each calculated in accordance with generally accepted accounting principles.

"Default" means the happening of any one or more of the events or conditions described in Section 7 or the default by the Borrower under any other agreement between the Borrower and the Lender, and such term will 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 judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body;

"Documents" has the meaning given to it in Subsection 3(b);

"Equipment" means all items of personal property set out in Schedule "B" attached hereto and all Accessions, additions, attachments, enhancements, improvements or replacements thereof, as the same may be amended by the Borrower and the Lender from time to time;

"Financing Change Statement" has the meaning set out under the Act;

"Indebtedness" means and includes all obligations, indebtedness and liability of the Borrower to the Lender, (including the Loan Amount, all principal, interest and 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 Borrower is bound alone or with another or others and whether as principal or surety;

"Initial Collateral" has the meaning set out in the Initial Advance

Conditions Precedent;

"Loan" means the loan advanced by the Lender pursuant to the terms of this agreement;

"Loan Amount" means the Loan advanced by the Lender to the Borrower hereunder or the unpaid outstanding balance thereof, as the context requires;

"Loss of Equipment" means:

(a) total or constructive total loss of the Equipment, or damage thereto or theft thereof which, in the reasonable opinion of the Lender, renders it impossible or impractical to use the Equipment for its intended purpose; or

(b) expropriation or confiscation of the Equipment by any authority absolutely or for more than 180 days;

"Person" means any natural person, corporation, firm, partnership, trust, sole proprietorship or governmental agency, authority or other entity, however constituted or designated;

"Proceeds" will have the meaning ascribed to in the Act and will 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.

"Remaining Collateral" means the Collateral other than the Initial Collateral..

SCHEDULE "B" - EQUIPMENT

See attached.

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|------------|------|-------------|---------|---------------------------|--------|
| MV | ALY01011 | 2004 | Caterpillar | D6N LGP | | C-06 |
| MV | ALY01581 | 2005 | Caterpillar | D6N LGP | | C-40 |
| MV | DJG00436 | 2009 | Caterpillar | D6T XW | Crawler dozer, p/w Cat C9 | C-113 |
| MV | ASE00744 | 2003 | Caterpillar | 14H | Grader | C-20 |
| MV | ASE01853 | 2006 | Caterpillar | 14H | | C-16 |
| MV | SJN00138 | 1995 | Caterpillar | CP 563 | | C-23 |
| MV | 102064 | 2005 | Super Pack | 8410 | | C-85 |
| MV | 91P1898 | 1980 | Caterpillar | 815 | | C-33 |
| MV | 17Z00985 | 1988 | Caterpillar | 815B | | C-34 |
| TR | | 2001 | Home Built | | 72" Sheepfoot Pull type | P-011 |
| TR | | 2001 | Home Built | | 60" Sheepfoot Pull type | P-006 |
| TR | | 2001 | Home Built | | 60" Sheepfoot Pull type | |
| TR | | 2007 | Home Built | | 60" Sheepfoot Pull type | P-02 |
| TR | | 2007 | Home Built | | 60" Sheepfoot Pull type | P-03 |
| TR | | 2007 | Home Built | | 60" Sheepfoot Pull type | P-04 |
| TR | | 2007 | Home Built | | 60" Sheepfoot Pull type | |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|-------------------|------|-------------|---------|--------------------------------------|--------|
| TR | | 1990 | Home Built | | 48" Sheepsfoot Pull type with wheels | P0-10 |
| TR | PT-13-204606 | 2006 | WRT | | WOBBLEY PACKER | WP-001 |
| TR | | 2006 | Grace | | WOBBLEY PACKER | WP-002 |
| TR | | 2006 | Home Built | | WOBBLEY PACKER | WP-003 |
| TR | | 2006 | Home Built | | WOBBLEY PACKER | WP-004 |
| TR | 1315 | 2007 | Allied | | 02300 Vibratory Hoe-Pack | |
| MV | A35DV11286 | 2001 | Volvo | A35D | Rock truck p/w D12CABE2 | C-52 |
| MV | A35DV11287 | 2001 | Volvo | A35D | Rock truck p/w D12CABE2 | C-53 |
| MV | A35DV11285 | 2001 | Volvo | A35D | | C-54 |
| MV | B1M00943 | 2012 | Caterpillar | 730B | Rock truck | C-89 |
| MV | FF016JP011009 | 2004 | Hitachi | ZX450LC | | C-47 |
| MV | DKY01701 | 2004 | Caterpillar | 330 CL | | C-01 |
| MV | 80964 | 2007 | Volvo | 290 BLC | | C-69 |
| MV | CAT0325CVBFE01688 | 2005 | Caterpillar | 325 CL | | C-100 |
| MV | CAT0325CABFE01367 | 2005 | Caterpillar | 325 CL | | C-101 |
| MV | 576955 | 1990 | John Deere | 544H | Front end loader | C-38 |
| MV | 17044471 | 1985 | Case | 580E | Backhoe | C-12 |
| MV | 71806 | 1996 | Kubota | B1700 | | C-97 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|--------------------|------|------------|---------|--------------------------|--------|
| MV | ZD-21 | 2003 | Kubota | ZD 21 | Mower | C-98 |
| MV | H030206 | 2000 | John Deere | 9400 | | C-94 |
| MV | D451842 | 1990 | Ford | 876 | | C-112 |
| MV | D402118 | 1994 | Ford | 8670 | | C-124 |
| TR | | | | | 10' x 50' Office trailer | T-169 |
| TR | | | | | 12' x 50' Office trailer | |
| TR | | | | | Peterbilt | T-108 |
| TR | 1XPFD89X9WJD449347 | 1998 | | 378 | Kenworth Truck | T-128 |
| TR | 1XKWDBOX35R981116 | 2005 | | W900 | | |
| TR | 2A9LB50335N125162 | 2005 | | | Tridem Trailer - Aspen | T-127 |
| TR | 2A9LB50321N125330 | 1996 | | | Tridem Trailer - Gerry's | TT-108 |
| TR | 2A9LB50393N125034 | 2003 | | | Tridem Trailer - Aspen | T-107 |
| TR | 2A9LB50398N125221 | 2008 | Aspen | HHTR/L | | T-150 |
| TR | NC85125 | 1985 | | | | T-144 |
| MV | NC85124 | 1985 | | | Northrail 8 wheel Jeep | T-153 |
| MV | 2A9JT40233N125035 | 2002 | Aspen | LDD/CRC | 8 wheel Jeep, | T-152 |
| MV | 2K9KB225B6L052394 | 2006 | | | Gerry's 8 wheel Jeep | T-151 |
| TR | 2A9TD10126N125186 | 2006 | Aspen | LDD/CRC | | T-154 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|-------------------|------|---------|---------------------|--|--------|
| TR | 2R9DA202471625037 | 2007 | RainBow | DA20HD | 20' Deck, beaver tail | T-182 |
| TR | 290762UJF1221 | 1998 | | P185WJD | Portable aircompressor, single axle, approx 1700 hrs | T-149 |
| TR | 9802-46578 | 2012 | Amida | AL5080D-4MH | 4KW | LT-1 |
| TR | 4ZJSL141751J16318 | 2012 | Amida | | 4KW | LT-2 |
| TR | 0108-71724 | 2012 | Amida | AL5080D-4MH | 8KW | LT-3 |
| TR | E0F-09003 | 2012 | Amida | AL4050D-4MH | 8KW | LT-5 |
| MV | 1FTWW31RX8EA06992 | 2008 | Ford | F-350 | F-350 CrewCab 4x4 | Glenn |
| MV | 1FTWX31R78EA66404 | 2008 | Ford | F-350 | F-350 Supercab 4x4 | TERRY |
| MV | 1FTWW31568EC91297 | 2008 | Ford | F-350 | F-350 CrewCab 4x4 | T-142 |
| MV | 1FBSS31L77DA62872 | 2008 | Ford | | Econoline Van | T-137 |
| MV | 1FTPX14554NA18153 | 2004 | Ford | F-150 | F-150 | T-139 |
| MV | 1FTWW31P37EA00755 | 2007 | Ford | F-350 XLT superduty | F-350 Diesel King Ranch 4x4 | T-104 |
| MV | 1FTSX21P95ED04112 | 2005 | Ford | F-250 | F-250 | T-110 |
| MV | 1FDAF57F4XEB51488 | 1999 | Ford | F-550 | F-550 Welding 4x4 | T-116 |
| MV | 1FDXW47P24ED61757 | 2004 | Ford | | Heavy Truck | T-129 |
| MV | 1FTSX31P73EC88320 | 2003 | Ford | F-350XLT | F-350 Supercab 4x4 | T-114 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|-------------------|------|------|------------|---------------------------|--------|
| | | | | super duty | | |
| MV | 3BKMHDX1YF840134 | 2000 | Ford | | Kenworth - Lube Truck | T-111 |
| MV | 1FTWX31R48EB32018 | 2008 | Ford | F-350 | F-350 CrewCab 4x4 | T-140 |
| MV | 1FTPX14V17FB54570 | 2007 | Ford | F-150 | Ford F-150 Supercab 4x4 | T-141 |
| MV | 1FTWW31548EC91296 | 2008 | Ford | F-350 | Ford F350 Series 4x4 | T-155 |
| MV | 1FTWW33PX4ER43355 | 2004 | Ford | F-350 | FORD F350 | T-183 |
| MV | 1FTPX14516FB56916 | 2005 | Ford | F-150 | FORD F150 | T-156 |
| MV | | | Ford | 320 | 320 A R L JOB VAN | T-160 |
| MV | 1FTHF26F0VEA86915 | 1997 | Ford | F-250HD | Ford F250 HD 3/4 Ton Ford | |
| MV | 1FBJS31H6KHB90562 | 1989 | Ford | E-150 | Ford E150 Van | T-112 |
| MV | 1GCHK23235F815173 | 2005 | Ford | | Chev 3/4 ton | T-101 |
| MV | 2FTHF26F6SCA38062 | 1995 | Ford | F-250 | F-250 | T-118 |
| MV | 1FTWW31P75EC43921 | 2005 | Ford | F-350 | F-350 | T-147 |
| MV | 1FTSX21P15EB27667 | 2005 | Ford | F-250 | F-250 | T-157 |
| MV | 1FTWW31568EC91297 | 2008 | Ford | F-350 | F-350 | T-142 |
| MV | 1FTSX21538EA13785 | 2008 | Ford | F-250 | F-250 | T-138 |
| MV | 1FDAF57P55ED15353 | 2005 | Ford | F-550 | F-550 | T-158 |
| MV | 1FDAF57P17EA99892 | 2007 | Ford | F-550 | F-550 | T-159 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|------------|--------------------|------|-------------|--------|------------------------------|------------|
| MV | 1FTSX21P06EAB4649 | 2006 | Ford | F-250 | F-250 Supercab | T-167 |
| MV | 1FTPW14V57FA95512 | 2007 | Ford | F-150 | F-150 Supercab 4x4 | T-170 |
| MV | 1FT8W4DT2CEA51973 | 2012 | Ford | F-450 | F-450 | T-171 |
| MV | 1FTPW14596FA63239 | 2006 | Ford | F-150 | F-150 Supercab | T-174 |
| MV | 1FTFW1E6V6AFD36186 | 2010 | Ford | F-150 | F-150 Supercab | T-175 |
| MV | 1FTPX14VX9FA16576 | 2009 | Ford | F-150 | F-150 Supercab 4x4 | T-176 |
| MV | CAT00P6RUHDC00160 | 2006 | Caterpillar | D6R XW | | C-108 |
| MV | SKL00544 | 2008 | Caterpillar | D6T XW | | C-114 |
| MV | AGN01611 | 2007 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-116 |
| Attachment | | | | | Skid steer pallet forks | |
| Attachment | WO 00126-7 | | | | Allu | AB-001 |
| Attachment | 1-55991-1 | | | | WELDCO BEALS | BUCKE T |
| Attachment | 3-101701-2 | | | | WELDCO BEALS | BUCKE T |
| Attachment | 3-101701-1 | | | | CHUCK BLADE WELCO BEALES | CB-001 |
| Attachment | 3-78087-1 | | | | CHUCK BLADE WELCO BEALES | CB-02 |
| Attachment | CLEANUPBUCKET | | | | CHUCK BLADE WELCO BEALES | CB-04 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|---------------|------------------|------|----------|-------------|----------------------------------|---------|
| Attachment | HOME BUILT | | | | MAKE CWS | CLB-015 |
| Attachment | (UNABLE TO READ) | | | | WHEEL PACKER-PULL PACKER | P-010 |
| Attachment | 3W18181-1 | | | | TWIST BUCKET | TB-03 |
| Attachment | | | | | TWIST BUCKET | TB-04 |
| Discs | 10TRH1641 | | | | Rome Disc (large) TRH 20-30 | D-01 |
| Discs | | | | | Rome Disc (small) 12' | D-02 |
| Discs | | | | | Wishak Disc 12' | D-03 |
| Discs | | | | | Ezee-on Disc 14' | D-04 |
| Discs | 171500580 | | | | Sliger Disc 1715- 16' | D-05 |
| Discs | 600440001001 | | | | 2002 Baldan 14ft offset disc | |
| Discs | KB864094-28R | | | | Kello built 300 offset disc | |
| Miscellaneous | | | | | FUEL TANK | C-49 |
| Miscellaneous | 2496109 | | | | WATERPUMP | C-26 |
| Miscellaneous | 10372BB | 2006 | WBM | 250 | 250 Series Weldco Chuck Blade | |
| Miscellaneous | 923771 | 2006 | WBM | 300 | 300 Series Weldco Brush Rake | |
| Miscellaneous | 23554 | 2005 | Degleman | 6000 series | Rock Picker | C-88 |
| Miscellaneous | | 2006 | WBM | | 250 Series Weldco Link Thumb | |
| Miscellaneous | 152580 | 2006 | Bradco | | Bradco 31085 84" 600 chuck blade | |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|-----------------------|-------------------|------|---------------|-------------------|---|--------|
| Miscellaneous | B-001126-4 | 2007 | WBM | | 36" dig bucket for EC 290BLC | |
| Miscellaneous [TR] | 2DAW/CODT00176 | 2013 | | | Double AA Trailer Water Cannon ,single axle | |
| Snow Cats | 908701409 | 2003 | Bombardier | BR275MP | | S-69 |
| [MV] | | | | | | |
| Snow Cats | 900700931 | 2000 | Bombardier | PLU275SMP | | S-68 |
| [MV] | | | | | | |
| Snow Cats | W0982310121K30000 | 1998 | Pisten Bulley | PB 200 | | C-118 |
| [MV] | | | | | | |
| Snow Cats | W0982310137K30000 | 1999 | Pisten Bulley | PB 200 | | C-117 |
| [MV] | | | | | | |
| MV | 2BPSGMCAXCV000170 | 2012 | Bombardier | Tundra ACE 600 | Snowmobile | |
| MV | 2BPSGMCABCV000197 | 2012 | Bombardier | Tundra ACE 600 | Snowmobile | |
| MV | 2BPSGMCATCV000224 | 2012 | Bombardier | Tundra ACE 600 | Snowmobile | |
| MV | 2BPSGMCAGCV000225 | 2012 | Bombardier | Tundra ACE 600 | Snowmobile | |
| MV | LLL00633 | 2012 | Caterpillar | D3K LGP | | C-10 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|------------|------|-------------|---------|----------------------------|--------|
| MV | ALY02759 | 2006 | Caterpillar | D6N LGP | Crawler dozer, p/w Cat C-9 | C-66 |
| MV | ALY02805 | 2006 | Caterpillar | D6N LGP | Crawler dozer, p/w Cat C-9 | C-68 |
| MV | ADJY00992 | 2008 | Caterpillar | D6N LGP | Crawler dozer, p/w Cat C-9 | C-102 |
| MV | AEP00698 | 2005 | Caterpillar | D6R XW | Crawler dozer, p/w Cat C-9 | C-41 |
| MV | AEP00458 | 2004 | Caterpillar | D6R XW, | Crawler dozer, p/w Cat C-9 | C-65 |
| MV | DJG00437 | 2009 | Caterpillar | D6T XW | Crawler dozer, p/w Cat C9 | C-107 |
| MV | DJG00445 | 2009 | Caterpillar | D6T XW | | C-79 |
| MV | DJG00470 | 2009 | Caterpillar | D6T XW | Crawler dozer, p/w Cat C9 | C-110 |
| MV | RLW00247 | 2011 | Caterpillar | D6T XW | Crawler dozer, p/w Cat C9 | C-27 |
| MV | RCW00340 | 2012 | Caterpillar | D6T XW | Crawler dozer, p/w Cat C9 | C-35 |
| MV | KSB00472 | 2012 | Caterpillar | D6T LGP | Crawler dozer, p/w Cat C9 | C-123 |
| MV | KSB01181 | 2012 | Caterpillar | D6T LGP | Crawler dozer, p/w Cat C9 | C-21 |
| MV | WCG00442 | 2012 | Caterpillar | D6T LGP | | C-87 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|------------|------|-------------|---------|-----------------------------------|--------|
| MV | KSB01179 | 2012 | Caterpillar | D6T LGP | Crawler dozer, p/w Cat C9 | C-22 |
| MV | KSB01180 | 2012 | Caterpillar | D6T LGP | | C-24 |
| MV | AGN00678 | 2004 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-02 |
| MV | AGN00760 | 2004 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-05 |
| MV | AGN00765 | 2004 | Caterpillar | D7R XR | | C-07 |
| MV | AGN00766 | 2004 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-08 |
| MV | AGN00661 | 2004 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-09 |
| MV | AGN00564 | 2003 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-29 |
| MV | AGN00978 | 2006 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-61 |
| MV | AGN01544 | 2006 | Caterpillar | D7R XR | Crawler dozer, p/w Cat 3306T | C-28 |
| MV | KPZ01502 | 2006 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-71 |
| MV | KPZ01492 | 2006 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-72 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|-------------------|------|-------------|-------|-----------------------------------|--------|
| MV | KPZ01755 | 2006 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-73 |
| MV | KPZ00432 | 2005 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-70 |
| MV | KPZ01771 | 2006 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-74 |
| MV | KPZ02760 | 2008 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-106 |
| MV | KPZ02764 | 2008 | Caterpillar | D8T | Crawler dozer, p/w Cat C9 Acert | C-105 |
| MV | KPZ02943 | 2008 | Caterpillar | D8T | Crawler dozer, p/w Cat C9 Acert | C-19 |
| MV | KPZ02700 | 2008 | Caterpillar | D8T | Crawler dozer, p/w Cat C9 Acert | C-120 |
| MV | MLN00531 | 2012 | Caterpillar | D8T | Crawler dozer, p/w Cat C-15 Acert | C-81 |
| MV | 2ZK08004 | 2003 | Caterpillar | 140H | Grader | C-83 |
| MV | CAT0140HTCCA02487 | 2006 | Caterpillar | 140H | Grader | C-149 |
| MV | 9EJ01331 | 2003 | Caterpillar | 160H | Grader | C-03 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|--------------------|------|-------------|-------|-----------|--------|
| MV | ASD00493 | 2005 | Caterpillar | 160H | Grader | C-95 |
| MV | ASD00728 | 2007 | Caterpillar | 160H | Grader | C-17 |
| MV | B9L00331 | 2008 | Caterpillar | 160M | Grader | C-04 |
| MV | B9L00410 | 2009 | Caterpillar | 160M | Grader | C-78 |
| MV | B9E00343 | 2009 | Caterpillar | 160M | Grader | C-104 |
| MV | B9J00979 | 2009 | Caterpillar | 14M | | C-122 |
| MV | CAT00114MER9J00671 | 2012 | Caterpillar | 14M | | C-15 |
| MV | B1M03284 | 2012 | Caterpillar | 730B | | C-55 |
| MV | CAT00730CBIM03545 | 2012 | Caterpillar | 730B | | C-18 |
| MV | CAT00730CBIM03553 | 2012 | Caterpillar | 730B | | C-11 |
| MV | DBD000891 | 2008 | Caterpillar | 627G | | S-64 |
| MV | DBD00673 | 2007 | Caterpillar | 627G | | S-65 |
| MV | DBD00740 | 2007 | Caterpillar | 627G | | S-50 |
| MV | DBD00776 | 2007 | Caterpillar | 627G | | S-60 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|---------|--------------------|------|-------------|-------------------|--|--------|
| MV | BZY00941 | 2012 | Caterpillar | 336E | | C-60 |
| MV | 13439 | 2006 | Volvo | A35D | | C-50 |
| MV | 13462 | 2006 | Volvo | A35D | Rock truck | C-51 |
| MV | ASD00377 | 2004 | Caterpillar | 160H | | C-115 |
| MV | HDC00236 | 2007 | Caterpillar | D6R Series III XW | | C-96 |
| MV | CAT00D6THDJG00375 | 2008 | Caterpillar | D6T XW | Crawler dozer, plw Cat C9 | C-86 |
| MV | ASE00994 | 2004 | Caterpillar | 14H | Grader | C-111 |
| MV | FF850DX973055 | 2007 | Deere | 850DLC | | C-84 |
| MV [TR] | 2N9LB7025CE065381 | 2012 | Stellar | 80ton16lowbed | Folding gooseneck low bed trailer, break away neck, 80 ton cap, 86, 363 GVWR, tri axle | T-162 |
| MV | 2N9LB70523CE065346 | 2012 | | | Stellar Folding Gooseneck Trailer | T-165 |
| MV [TR] | | | | | | |
| MV | 2N9JT1620CE065345 | 2012 | | | Stellar 16 Wheel Jeep | T-164 |
| TR | 2N9TB3024CE065347 | 2012 | Stellar | T/A/Booster | Tandem Axle | T-166 |
| MV | 401632 | 2006 | Case | 580SM | | C-48 |
| MV | 0643272B | 1998 | New Holland | 8360 | | C-31 |
| MV | H001069 | 1997 | John Deere | 9300 | | C-93 |

| MV | Serial No. | Year | Make | Model | Equipment | Unit # |
|----|------------|------|-------------|--------|-----------|--------------|
| MV | N7C451998 | 2007 | Case | 440CT | | C-90 |
| MV | Z8BG11222 | 2008 | New Holland | T7030 | | R- G11222 |
| MV | ACM244834 | 2005 | New Holland | TM-120 | | C-30 |

LOAN AMENDMENT AGREEMENT

THIS AGREEMENT dated for reference September __, 2014 is between:

MAYNARDS FINANCIAL LIMITED PARTNERSHIP, a limited partnership registered under the laws of the Province of British Columbia, having a business address at of 1837 Main Street, Vancouver, British Columbia, V5T 3B8

(the "Lender")

AND:

CLAYTON CONSTRUCTION CO. LTD., a company incorporated under the laws of the Province of Alberta, having its registered office at A-3801-51 Avenue, Lloydminster, Alberta, T9V 2C3

(the "Borrower")

BACKGROUND

A. The Lender and the Borrower entered into a loan agreement dated August 27, 2014 (the "**Loan Agreement**"), under which the Lender agreed to advance two credit facilities to the Borrower, a term loan in the maximum principal amount of \$7,000,000 ("**Facility 1**") and a revolving line of credit in the maximum principal amount of \$2,500,000 ("**Facility 2**") and collectively with Facility 1, the "**Loan**").

B. The Lender and the Borrower wish to amend the terms of the Loan Agreement to permit a temporary increase in the maximum principal amount of Facility 2 on the terms set out in this Agreement.

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. **Increase of Facility 2.** The Loan Agreement is amended such that the maximum principal amount of Facility 2 is increased by \$350,000 (the "**Bulge**") to \$2,850,000 and the maximum principal amount of the Loan is increased to \$9,850,000.
2. **Drawdown.** The Bulge shall be available as a single advance at the discretion of the Lender, subject to all conditions of advance set out in the Loan Agreement, and shall be non-revolving.
3. **Automatic Reduction.** Unless otherwise extended in writing by the Lender, the maximum authorized principal amount of Facility 2 will be reduced to \$2,500,000 and the maximum authorized aggregate principal amount of the Loan will be reduced to \$9,500,000 on the date which is 90 days from the date of this Agreement without further notice and all principal outstanding at that date above the maximum authorized amount shall be immediately paid to the Lender.
4. **Reporting.** In addition to the reporting requirements set out in the Loan Agreement, until such time as the Bulge has been repaid in full and principal advanced pursuant to Facility 2 and the Loan have been reduced in accordance with paragraph 3, the Borrower shall:

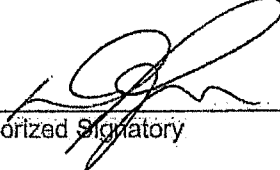
- (a) provide the Lender a written current weekly report of its accounts receivable and accounts payable in such detail as the Lender may request; and
5. **Covenants.** In addition to the covenants set out in the Loan Agreement, the Borrower covenants and agrees that until such time as the Buige has been repaid in full and the principal advanced on account of Facility 2 and the Loan have been reduced in accordance with paragraph 3:
- (a) it will not, without the prior written consent of the Lender:
 - (i) authorise the repair of any piece of equipment in sum greater than \$20,000; or
 - (ii) authorise the repair of equipment by any single supplier in excess of \$40,000 in aggregate; and
 - (b) it will generate sufficient sales such that the balance of its accounts receivable (after an allowance for doubtful accounts in accordance with Canadian generally accepted accounting principles) is not less than \$2,500,000.
6. **Events of Default.** The failure by the Borrower to abide by any term of this Agreement, including without limitation repayment of any amounts required pursuant to paragraph 3, will be a Default under the Loan Agreement, and the Lender shall be entitled to all rights and remedies thereunder.
7. **Amendment.** This Agreement amends and modifies the Loan Agreement and, together with it and the documents referred to therein, constitutes the entire agreement between the parties. This Agreement may only be modified by further written instrument, signed by each of the parties hereto.
8. **Further Assurances.** The Borrower shall provide such further documents, Instruments and assurances as may reasonably be required to complete the transactions contemplated herein.
9. **Loan Agreement Provisions Unaltered.** Except as modified by this Agreement, all terms of the Loan Agreement remain in full force, unamended.
10. **Counterparts.** This Agreement may be signed in one or more counterparts, originally or by facsimile, each such counterpart taken together shall form one and the same agreement.

[Signature Page Follows]

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement on the date first above written.

MAYNARDS FINANCIAL LIMITED PARTNERSHIP
by its general partner Maynards Capital Inc.


By:



Authorized Signatory

CLAYTON CONSTRUCTION CO., LTD.


By:



Authorized Signatory

THE TERMS OF THIS AGREEMENT ARE ACKNOWLEDGED AND CONSENTED TO:

SIGNED on September 21, 2014 in the presence of:



(Signature)

Cynthia Villeneuve

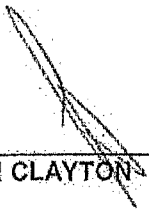
(Print Name)

PO Box 368, Paradise Hill, SK

(Address)

Office Administration

(Occupation)



GLENN CLAYTON

LOAN AMENDMENT AGREEMENT

THIS AGREEMENT dated for reference May 31st, 2015 is between:

MAYNARDS FINANCIAL LIMITED PARTNERSHIP, a limited partnership registered under the laws of the Province of British Columbia, having a business address at of 1837 Main Street, Vancouver, British Columbia, V5T 3B8

(the "Lender")

AND:

CLAYTON CONSTRUCTION CO. LTD., a company incorporated under the laws of the Province of Alberta, having its registered office at A-3801-51 avenue, Lloydminster, Alberta, T9V 2C3

(the "Borrower")

AND:

GLENN ALLAN CLAYTON

(the "Guarantor")

BACKGROUND

- A. The Lender and the Borrower entered into a loan agreement dated August 27, 2014 (as amended from time to time the "Loan Agreement"), under which the Lender agreed to advance two credit facilities to the Borrower, a term loan in the maximum principal amount of \$7,000,000.00 ("Facility 1") and a revolving line of credit in the maximum principal amount of \$2,850,000.00 ("Facility 2" and collectively with Facility 1, the "Loan").
- B. The Lender and the Borrower wish to amend the terms of the Loan Agreement:
- to reduce the maximum principal amount of Facility 2 to \$1,500,000.00.
 - permit a temporary increase in the maximum principal amount of Facility 2 to \$2,100,000.00 on the terms set out in this Agreement, and

AGREEMENTS


In consideration of the foregoing, the mutual covenants and obligations herein set forth and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **The Decrease of Facility 2.** The maximum principal amount of Facility 2 is increased by \$600,000.00 (the "Bulge") to \$2,100,000.00.
2. **Drawdown.** The Bulge shall be available in multiple advances at the discretion of the Lender, subject to all conditions of advance set out in the Loan Agreement, and shall be non-revolving.
3. **Fees.** In consideration of the increase of Facility 2, the Borrower will pay to the Lender a fee of \$20,000.00 (the "Fee").
4. **Payments.** The Bulge shall be paid back in totality by August 31, 2015.
5. **Automatic Reduction of the principal amount of Facility 2.** Unless otherwise extended in writing by the Lender, the authorized principal amount of Facility 2 will be reduced to \$1,500,000.00 and the maximum authorized aggregate principal amount of the Loan will be reduced to 8,500,000.00 on the date of the payment of the totality of the Bulge.
6. This Agreement is hereby incorporated into and set forth the entire Loan Agreement between the parties with respect to the matters set forth herein.
7. Except as herein modified or amended, the provisions, conditions and terms of the Loan Agreement shall remain unchanged and in full force and effect. In the case of any inconsistency between the provisions of the Loan Agreement and this Agreement, the provisions of this Agreement shall govern and control.
8. The Loan Agreement, the General Security Agreement granted by the Borrower to the Lender on or about August 27, 2014 (the "General Security Agreement") and the Limited Liability Guarantee of the Guarantor of all obligations of the Borrower to the Lender (the "Limited Liability Guarantee") shall continue to be in full force and effect and each is hereby ratified and confirmed in all respects, except that, on and after the effectiveness of this Agreement, each reference in the Loan Agreement, General Security Agreement, and Limited Liability Guarantee to the Loan Agreement, "thereunder", "thereof" or words of like import shall mean and be a reference to the Loan Agreement as amended by the Agreement, as to the amounts and forming the Loan Amount.
9. Without in any way limiting the generality of the foregoing, of the General Security Agreement and the Limited Liability Guarantee themselves, the Borrower and the Guarantor specifically acknowledge and agree that the General Security Agreement and the Limited Liability Guarantee granted by each of them continue to be in full force and effect.

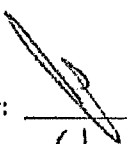
10. The Borrower and the Guarantor hereby agree to execute any and all further documents, financing statements, agreements and instruments, and take all further actions that are reasonably necessary or advisable to give effect to this Agreement.
11. This Agreement shall be interpreted according to the laws of, and the parties submit to the non-exclusive jurisdiction of the courts of, the Province of Alberta.
12. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, and by electronic means, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be executed by their respective officers and members thereunto duly authorized, on the date indicated above.


MAYNARDS FINANCIAL LIMITED PARTNERSHIP

By: 
Name: Dean Skellern
Title: President

CLAYTON CONSTRUCTION CO. LTD.

By: 
Name: Glenn Clayton
Title: President

GLENN ALLAN CLAYTON

By: 
Name: Glenn Clayton
Title: _____

THE TERMS OF THIS AGREEMENT ARE ACKNOWLEDGED AND CONSENTED TO:

JUNE 11, 2015

SIGNED on September , 2014 in the presence of:

[Handwritten Signature]

(Signature)
Christopher J. Sarsons

(Print Name) *LLQYD MUISTEN*
P.O. Box 1680 ALBERTA

(Address)
LAWYER.

(Occupation)

[Handwritten Signature]
GLENN CLAYTON

Christopher J. Sarsons
Notary Public in and for the
Province of Alberta. Being a Solicitor





December 31, 2016

Clayton Construction Co. Ltd.
6209 – 44 Street
Lloydminster, AB T9W 1V8

Attention: Glenn Clayton

Dear Sir:

Fourth Amendment to Loan Agreement

1. We refer to the loan agreement dated as of August 27, 2014, made between Maynards Financial Limited Partnership (the "Lender"), as lender, and Clayton Construction Co. Ltd. (the "Borrower"), as borrower, as previously amended (collectively, the "Original Loan Agreement").
2. This letter (the "Amending Agreement") will confirm our agreement to amend the Original Loan Agreement (the Original Loan Agreement, as amended by this Amending Agreement, and as the same may be further amended, supplemented, restated or replaced from time to time, the "Loan Agreement") as follows:
 - (a) The Termination Date is hereby extended and the Loan will now expire on June 30, 2017.
 - (b) As at December 31, 2016, the outstanding balance of the Loan is \$5,905,970.24.
 - (c) A commitment fee of 1% (\$59,059.70) will be added to the outstanding balance of the Loan.
 - (d) The annual interest rate of 15% will be reduced to 13%.
 - (e) The Borrower will repay all Loan Advances under the Loan on the dates specified below by the amount set out opposite each Scheduled Repayment Date.

| Scheduled Repayment Date | Repayment Amount |
|--------------------------|------------------|
| January 15, 2017 | \$42,000.00 |
| January 31, 2017 | \$42,000.00 |
| February 15, 2017 | \$42,000.00 |
| February 28, 2017 | \$42,000.00 |
| March 15, 2017 | \$42,000.00 |
| March 31, 2017 | \$42,000.00 |
| April 15, 2017 | \$42,000.00 |
| April 30, 2017 | \$42,000.00 |
| May 15, 2017 | \$42,000.00 |
| May 31, 2017 | \$42,000.00 |

| | |
|---------------|--|
| June 15, 2017 | \$42,000.00 |
| June 30, 2017 | All amounts outstanding under the Loan |


3. Each of the undersigned hereby reaffirms, acknowledges and agrees that all Security granted by such undersigned to the Lender in connection with the Original Loan Agreement and any other documents executed and delivered pursuant thereto or in connection therewith (collectively, the "Existing Documents") and all representations, warranties, covenants and other obligations set forth therein continue in full force and effect and continue to be binding on such undersigned party to the Existing Documents in respect of all of the obligations and liabilities of the Borrower and the Guarantor to the Lender under or pursuant to the Loan Agreement.
4. Each of the undersigned acknowledges that the Lender is relying on the reaffirmation of Security contained herein in connection with the payment amendments made under the Loan Agreement and represents and warrants to the Lender that the execution, delivery and performance of this Amending Agreement has been duly authorized by all requisite corporate or other action on the part of each of the undersigned, this Amending Agreement has been duly executed and delivered by each of the undersigned and this Amending Agreement constitutes a legal, valid and binding agreement of each of the undersigned enforceable against it in accordance with its terms.
5. Except as amended by Section 2 hereof, all terms and conditions of the Original Loan Agreement will continue in full force and effect unamended and are hereby ratified and confirmed in every respect. The Borrower and the Guarantor hereby consent and agree to the amendments to the Original Loan Agreement, as provided for in this Amending Agreement.
6. The effectiveness of this Amending Agreement as an amendment to the Original Loan Agreement is subject to and conditional upon the satisfaction of each of the following conditions and the receipt, where applicable, by the Lender, of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender:
 - (a) a duly executed copy of this Amending Agreement; and
 - (b) such other documentation which the Lender may reasonably request.
7. All capitalized words used but not defined herein will have the meaning granted to them in the Original Loan Agreement.
8. All of the representations and warranties of the Borrower set forth in the Original Loan Agreement are true and correct on and as of the date hereof as though made on and as of the date hereof.
9. All references to "this Agreement" in the Original Loan Agreement will mean the Original Loan Agreement, as amended by this Amending Agreement.
10. In the event of any inconsistency between the terms and conditions of this Amending Agreement and the terms and conclusions of the Original Loan Agreement or any other document entered into pursuant thereto or contemplated thereby, this Amending Agreement will prevail.
11. This Amending Agreement may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same

Amending Agreement and, notwithstanding their date of execution, will be deemed to bear the date first written above. This Amending Agreement may be executed and transmitted by electronic means and if so executed and transmitted, this Amending Agreement will be for all purposes as effective as if the parties had delivered an executed original agreement.

- 12. This Amending Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein.


Please acknowledge your acceptance and agreement of the above terms and conditions by executing this Amending Agreement in the space provided below and returning it to the undersigned.


**MAYNARDS FINANCIAL LIMITED
PARTNERSHIP, by its general partner,
MAYNARDS CAPITAL INC.**

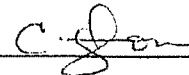
By: 
Name: Dean Millington
Title: President

The Borrower and the Guarantor certify that all information provided to the Lender is true and hereby accepts the terms and conditions set forth in the Loan Agreement, including as amended above by this Amending Agreement.

CLAYTON CONSTRUCTION CO. LTD., as Borrower

By: 
Name: Glenn Clayton
Title: President

By: 
GLENN CLAYTON, as personal guarantor

Witness: 
Name: Carolyn Clayton

June 30, 2017

Clayton Construction Co. Ltd.
6209 - 44 Street
Lloydminster, Alberta T9W 1V8

Attention: Glenn Clayton

Dear Sir:

Fifth Amendment to Loan and Security Agreement

1. We refer to the Loan and Security Agreement dated as of August 27, 2014, made between Maynards Financial Limited Partnership (the "Lender"), as lender, and Clayton Construction Co. Ltd. (the "Borrower"), as borrower, as amended (the "Original Loan Agreement").
2. This letter (this "Fifth Amending Agreement") will confirm our agreement to amend the Original Loan Agreement (the Original Loan Agreement, as amended by this Fifth Amending Agreement, and as the same may be further amended, supplemented, restated or replaced from time to time, the "Amended Loan Agreement") as follows:
 - (a) The term of the Loan expires on June 30, 2017 and is hereby extended for an additional five (5) months and the new Final Instalment Date will be November 30, 2017, with Instalments as follows:

July 15, 2017 to November 15, 2017: 9 Instalments of \$45,000.00 payable on the 15th and last day of each month in arrears at an Interest Rate of 13% per annum

November 30, 2017 (Final Instalment Date): Remaining balance of the Loan plus accrued Interest thereon
 - (b) A renewal fee equal to 0.5% of the current outstanding principal balance of the Loan as at June 30, 2017 will be financed and the outstanding balance of the Loan will be increased by the amount of \$32,370.07. For clarification purposes, as at June 30, 2017, the outstanding principal balance of the Loan is \$6,474,013.78.
3. The Borrower and Glenn Clayton (the "Guarantor") hereby reaffirm, acknowledge and agree that all security, including, without limitation:
 - (a) a General Security Agreement dated August 27, 2014 granted by the Borrower in favour of the Lender; and
 - (b) a Limited Personal Guarantee dated August 27, 2014 granted by Glenn Clayton in favour of the Lender,

each in connection with the Original Loan Agreement (collectively, the "Security") and any other documents executed and delivered pursuant thereto or in connection therewith (collectively, the

"Existing Documents") and all representations, warranties, covenants and other obligations set forth therein continue in full force and effect and continue to be binding on each of them in respect of all of the obligations and liabilities of the Borrower and the Guarantor to the Lender under or pursuant to the Amended Loan Agreement.

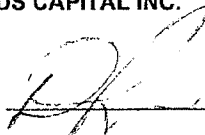
4. The Borrower and the Guarantor acknowledge that the Lender is relying on the reaffirmation of Security contained herein in connection with the payment amendments made under the Amended Loan Agreement and represent and warrant to the Lender that the execution, delivery and performance of this Fifth Amending Agreement has been duly authorized by all requisite corporate or other action on the part of the Borrower and the Guarantor, this Fifth Amending Agreement has been duly executed and delivered by the Borrower and this Fifth Amending Agreement constitutes a legal, valid and binding agreement of the Borrower and the Guarantor enforceable against each of them in accordance with its terms.
5. Except as amended by Section 2 hereof, all terms and conditions of the Original Loan Agreement will continue in full force and effect unamended and are hereby ratified and confirmed in every respect. The Borrower and the Guarantor hereby consent and agree to the amendments to the Original Loan Agreement, as provided for in this Fifth Amending Agreement.
6. The effectiveness of this Fifth Amending Agreement as an amendment to the Original Loan Agreement is subject to and conditional upon the satisfaction of each of the following conditions and the receipt, where applicable, by the Lender, of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender:
 - (a) a duly executed copy of this Fifth Amending Agreement; and
 - (b) such other closing documents and documentation which the Lender may reasonably request.
7. All capitalized words used but not defined herein will have the meaning granted to them in the Original Loan Agreement.
8. All of the representations and warranties of the Borrower and the Guarantor set forth in the Existing Documents are true and correct on and as of the date hereof as though made on and as of the date hereof.
9. All references to "this Agreement" in the Original Loan Agreement will mean the Original Loan Agreement, as amended by this Fifth Amending Agreement.
10. In the event of any inconsistency between the terms and conditions of this Fifth Amending Agreement and the terms and conclusions of the Original Loan Agreement or any other document entered into pursuant thereto or contemplated thereby, this Fifth Amending Agreement will prevail.
11. This Fifth Amending Agreement may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same Fifth Amending Agreement and, notwithstanding their date of execution, will be deemed to bear the date first written above. This Fifth Amending Agreement may be executed and transmitted by electronic means and if so executed and transmitted, this Fifth Amending

Agreement will be for all purposes as effective as if the parties had delivered an executed original agreement.

- 12. This Fifth Amending Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein.

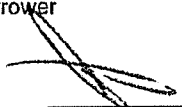
Please acknowledge your acceptance and agreement of the above terms and conditions by signing the attached copy of this First Amending Agreement in the space provided below and returning it to the undersigned.


**MAYNARDS FINANCIAL LIMITED
PARTNERSHIP, by its General Partner,
MAYNARDS CAPITAL INC.**

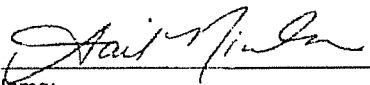
By: 
 Name: Dean Shillington
 Title: President

The Borrower and the Guarantor certify that all information provided to the Lender is true and hereby accept the terms and conditions set forth in the Amended Loan Agreement, including as amended above by this First Amending Agreement.

**CLAYTON CONSTRUCTION CO. LTD., as
Borrower**

By: 
 Name: Glenn Clayton
 Title: President

By: 
 GLENN CLAYTON, as Personal Guarantor

Witness: 
 Name:

November 30, 2017

Clayton Construction Co. Ltd.
6209 - 44 Street
Lloydminster, Alberta T9W 1V8

Attention: Glenn Clayton

Dear Sir:

Sixth Amendment to Loan and Security Agreement

1. We refer to the Loan and Security Agreement dated as of August 27, 2014, made between Maynards Financial Limited Partnership (the "Lender"), as lender, and Clayton Construction Co. Ltd. (the "Borrower"), as borrower, as amended (the "Original Loan Agreement").
2. This letter (this "Sixth Amending Agreement") will confirm our agreement to amend the Original Loan Agreement (the Original Loan Agreement, as amended by this Sixth Amending Agreement, and as the same may be further amended, supplemented, restated or replaced from time to time, the "Amended Loan Agreement") as follows:
 - (a) The Indebtedness will become immediately due and payable upon the earlier of:
 - (i) February 28, 2018, and
 - (ii) the occurrence of a Default;
 - (b) The Indebtedness will bear interest from November 30, 2017 until February 28, 2018 at an Interest Rate of 13% per annum, compounded monthly and calculated on the daily outstanding balance of the Indebtedness owing by the Borrower to the Lender;
 - (c) On February 28, 2018, the remaining outstanding balance of the Indebtedness, including accrued interest thereon, will be due and payable by Borrower to the Lender; and
 - (d) A renewal fee equal to 0.5% of the current outstanding balance of the Indebtedness as at November 30, 2017 will be financed by the Lender and the outstanding balance of the Indebtedness will be increased by the amount of \$32,635.58. For clarification purposes, as at November 30, 2017, the outstanding balance of the Indebtedness is \$6,527,116.52.
3. The Borrower and Glenn Clayton (the "Guarantor") hereby reaffirm, acknowledge and agree that all security, including, without limitation:
 - (a) a General Security Agreement dated August 27, 2014 granted by the Borrower in favour of the Lender; and
 - (b) a Limited Personal Guarantee dated August 27, 2014 granted by Glenn Clayton in favour of the Lender,

each in connection with the Original Loan Agreement (collectively, the "Security") and any other documents executed and delivered pursuant thereto or in connection therewith (collectively, the "Existing Documents") and all representations, warranties, covenants and other obligations set forth therein continue in full force and effect and continue to be binding on each of them in respect of all of the obligations and liabilities of the Borrower and the Guarantor to the Lender under or pursuant to the Amended Loan Agreement.

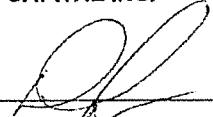
4. The Borrower and the Guarantor acknowledge that the Lender is relying on the reaffirmation of Security contained herein in connection with the payment amendments made under the Amended Loan Agreement and represent and warrant to the Lender that the execution, delivery and performance of this Sixth Amending Agreement has been duly authorized by all requisite corporate or other action on the part of the Borrower and the Guarantor, this Sixth Amending Agreement has been duly executed and delivered by the Borrower and this Sixth Amending Agreement constitutes a legal, valid and binding agreement of the Borrower and the Guarantor enforceable against each of them in accordance with its terms.
5. Except as amended by Section 2 hereof, all terms and conditions of the Original Loan Agreement will continue in full force and effect unamended and are hereby ratified and confirmed in every respect. The Borrower and the Guarantor hereby consent and agree to the amendments to the Original Loan Agreement, as provided for in this Sixth Amending Agreement.
6. The effectiveness of this Sixth Amending Agreement as an amendment to the Original Loan Agreement is subject to and conditional upon the satisfaction of each of the following conditions and the receipt, where applicable, by the Lender, of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender:
 - (a) a duly executed copy of this Sixth Amending Agreement; and
 - (b) such other closing documents and documentation which the Lender may reasonably request.
7. All capitalized words used but not defined herein will have the meaning granted to them in the Original Loan Agreement.
8. All of the representations and warranties of the Borrower and the Guarantor set forth in the Existing Documents are true and correct on and as of the date hereof as though made on and as of the date hereof.
9. All references to "this Agreement" in the Original Loan Agreement will mean the Original Loan Agreement, as amended by this Sixth Amending Agreement.
10. In the event of any inconsistency between the terms and conditions of this Sixth Amending Agreement and the terms and conclusions of the Original Loan Agreement or any other document entered into pursuant thereto or contemplated thereby, this Sixth Amending Agreement will prevail.
11. This Sixth Amending Agreement may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same Sixth Amending Agreement and, notwithstanding their date of execution, will be deemed to bear the date first written above. This Sixth Amending Agreement may be executed

and transmitted by electronic means and if so executed and transmitted, this Sixth Amending Agreement will be for all purposes as effective as if the parties had delivered an executed original agreement.

- 12. This Sixth Amending Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein.


Please acknowledge your acceptance and agreement of the above terms and conditions by signing the attached copy of this Sixth Amending Agreement in the space provided below and returning it to the undersigned.


**MAYNARDS FINANCIAL LIMITED
PARTNERSHIP, by its General Partner,
MAYNARDS CAPITAL INC.**

By: 
 Name: Dean Shillington
 Title: President

The Borrower and the Guarantor certify that all information provided to the Lender is true and hereby accept the terms and conditions set forth in the Amended Loan Agreement, including as amended above by this Sixth Amending Agreement.

**CLAYTON CONSTRUCTION CO. LTD., as
Borrower**

By: 
 Name: Glenn Clayton
 Title: President

By: 
 GLENN CLAYTON, as Personal Guarantor

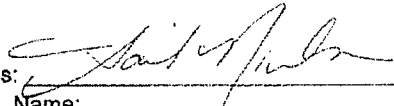
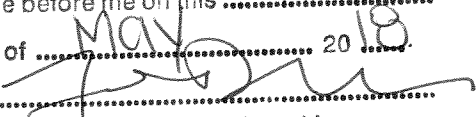
Witness: 
 Name:

EXHIBIT B

This is Exhibit "B" referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 20 18.

A Commissioner for taking
Affidavits for British Columbia

GENERAL SECURITY AGREEMENT

August 27, 2014

THIS AGREEMENT is between:

CLAYTON CONSTRUCTION CO. LTD., a corporation pursuant to the laws of Alberta

("Debtor")

AND

MAYNARDS FINANCIAL LIMITED PARTNERSHIP, a limited partnership pursuant to the laws of British Columbia

("Secured Party")

PART 1

SECURITY INTERESTS

1.1 **Security Interests.** For valuable consideration and as security for the payment and performance of the Obligations (as later defined) the Debtor hereby:

- (a) mortgages and charges to the Secured Party, and grants to the Secured Party a security interest in, and the Secured Party hereby takes a security interest in, all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired personal property and all proceeds thereof (except the property of the Debtor described in paragraph 1.3) of whatsoever nature and kind and wherever situate including, without limiting the generality of the foregoing, all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired:
 - (i) **Accounts.** Debts, accounts, claims, monies and choses in action due or owing to or owned by the Debtor, and all books, records, documents, papers and electronically recorded data recording, evidencing, securing or otherwise relating to such debts, accounts, claims, monies and choses in action or any part or parts thereof (collectively "Accounts");
 - (ii) **Equipment.** Goods and equipment, including all machinery, fixtures, plants, tools, furniture, vehicles of any kind or description, all spare parts, accessions and accessories located at or installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto and any other goods that are not Inventory (collectively "Equipment");
 - (iii) **Inventory.** Inventory of whatever kind, including all raw materials, materials used or consumed in the business or profession of the Debtor, goods, work in progress, finished goods, returned goods, repossessed goods, goods used for packing, all packaging materials, supplies and containers, materials used in the business of the Debtor whether or not intended for sale and goods acquired or held for sale, lease or resale or furnished or to be furnished under contracts of rental or service (collectively "Inventory");
 - (iv) **Other Tangible Personal Property.** Chattel paper, documents of title, instruments, money, investment property, and other goods that are not Accounts, Equipment or Inventory;

- (v) **Intangibles.** Intangibles and intangible property (except for Accounts) including, without limitation, all contractual rights, licenses, goodwill, patents, trade-marks, tradenames, copyrights, other industrial designs and other industrial or intellectual property and undertaking of the Debtor and all other choses in action of the Debtor of every kind which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor and all other intangible property of the Debtor which is not Accounts, goods, chattel paper, documents of title, instruments, money or investment property;
- (b) grants, mortgages and charges, to and in favour of the Secured Party, as and by way of a fixed and specific mortgage and charge, and as and by way of a floating charge, all of its currently owned and held or hereafter acquired real property and interests therein of every nature and kind and wherever situate; and
- (c) grants, mortgages and charges, to and in favour of the Secured Party, as and by way of a floating charge, all of its currently owned and held or hereafter acquired property, assets and undertakings of every nature and kind and wherever situate, except such of its property, assets, undertakings and interests as are validly subject to the mortgages, charges and security interests granted pursuant to paragraphs 1.1(a) and 1.1(b).

1.2 **Collateral.** The term "Collateral" means collectively all of the Debtor's right, title and interest in and to all of the Debtor's present and after-acquired property (real and personal), assets and undertakings, and all proceeds thereof (except the property of the Debtor described in paragraph 1.3) of whatsoever nature and kind and wherever situate including without limiting the generality of the foregoing all of the property described in paragraphs 1.1(a), 1.1(b) and 1.1(c).

1.3 **Exclusions.** The mortgages, charges and security interests granted in this Security Agreement do not apply or extend to:

- (a) the last day of any term created by any lease or agreement therefor now held or hereafter acquired by the Debtor, but the Debtor will stand possessed of the reversion thereby remaining in the Debtor of any leasehold premises upon trust for the Secured Party to assign and dispose thereof as the Secured Party or any buyer of such leasehold premises directs; and
- (b) any lease or other agreement which contains a provision which provides in effect that such lease or agreement may not be assigned, subleased, charged or encumbered without the leave, licence, consent or approval of the lessor or other party until such leave, licence, consent or approval is obtained, and the security interest created hereby will attach and extend to such lease or agreement as soon as such leave, licence, consent or approval is obtained.

1.4 **Intellectual Property.** Nothing in paragraph 1.1 shall be construed as constituting an absolute transfer or assignment of any present or future intellectual property or rights and interests therein, but that paragraph shall still be construed as granting to the Secured Party a security interest in and a charge on all of the Debtor's present and after-acquired intellectual property and rights and interests in intellectual property.

1.5 **Attachment.** The Debtor and the Secured Party do not intend to postpone the attachment of the security interests hereby created, except as provided in paragraph 1.3(b), and except as provided therein the security interests hereby created will attach when:

- (a) this Security Agreement has been executed, or in the case of after-acquired property, such property has been acquired by the Debtor;

- (b) value has been given; and
- (c) the Debtor has rights in the Collateral, or in the case of after-acquired property, acquires rights in the Collateral.

1.6 **Notification.** If this Security Agreement grants a security interest in Accounts, before or after an Event of Default (as later defined) has occurred, the Secured Party may notify any debtor of the Debtor on an intangible, chattel paper, or account, or any obligor on an instrument ("Account Debtor") of the security interest created hereby, and after an Event of Default the Secured Party may notify any Account Debtor to make all payments on Collateral to the Secured Party. The Debtor acknowledges that the proceeds of all sales, or any payments on or other proceeds of the Collateral, including but not limited to payments on, or other proceeds of, the Collateral received by the Debtor from any Account Debtor, whether before or after notification to such Account Debtor and whether before or after default under this Security Agreement, will be received and held by the Debtor in trust for the Secured Party and will be turned over to the Secured Party upon request, and the Debtor will not commingle any proceeds of or payments on the Collateral with any of the Debtor's funds or property, but will hold them separate and apart.

1.7 **Purchase Money Security Interests.** The security interests created hereby will constitute purchase money security interests to the extent that any of the Obligations are monies advanced by the Secured Party to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any of the Collateral and were so used by the Debtor, and a certificate of an officer of the Secured Party as to the extent that the Obligations are monies so advanced and used will be prima facie proof of the purchase money security interests constituted hereby.

PART 2

OBLIGATIONS SECURED

2.1 **Obligations.** This Security Agreement and the security interests hereby created will be continuing security for the payment of all indebtedness, both present and future, and whether arising on current account or otherwise, together with interest thereon and all liabilities, present and future, direct or indirect, absolute or contingent of the Debtor to the Secured Party, including, and without limiting the generality of the foregoing, any advance or readvance, including every unpaid balance thereof, by the Secured Party to the Debtor, whenever made, and interest thereon to the same extent as if the advance or readvance had been made at the time of creation of this Security Agreement, and for the performance of all present and future obligations of the Debtor to the Secured Party, whether or not contained in this Security Agreement (which indebtedness, liabilities and obligations are collectively "Obligations").

PART 3

REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties.** The Debtor represents and warrants to the Secured Party the following:

- (a) **Corporate Requirements.**
 - (i) it is duly incorporated and it is in good standing under the laws of the Province of Alberta;
 - (ii) it has the power and authority to carry on the business now being carried on by it and has the full power and authority to execute and deliver this Security Agreement;

- (iii) all necessary and requisite corporate proceedings, resolutions and authorizations have been taken, passed, done and given by it and by its directors to authorize, permit and enable it to execute and deliver this Security Agreement; and
 - (iv) the entering into this Security Agreement is not in contravention of any statute, the organizational or constating documents of the Debtor or any agreement or other document to which the Debtor is a party;
- (b) **No Actions.** There are no actions or proceedings pending or, to the knowledge of the Debtor, threatened which challenge the validity of this Security Agreement or which might result in a material adverse change in the financial condition of the Debtor or which would materially adversely affect the ability of the Debtor to perform its obligations under this Security Agreement or any document evidencing any indebtedness of the Debtor to the Secured Party;
- (c) **Owns Collateral.** The Debtor owns, possesses and has good title to all currently held Collateral, free from all security interests, mortgages, charges, encumbrances, liens and claims, except only those, if any, shown in Schedule A;
- (d) **Right and Authority.** The Debtor has the right and authority to create the security interests created in this Security Agreement;
- (e) **Location of Collateral.** The only locations of Collateral (other than Inventory in transit) and the only places the Debtor carries on business are described in Schedule B;
- (f) **Financial Information.** All financial information and financial statements supplied to the Secured Party by or for the Debtor:
- (i) are not untrue in any material respect;
 - (ii) have revealed all material facts the omission of which would make such information or statements misleading;
 - (iii) disclose all facts which materially adversely affect, or so far as the Debtor can reasonably foresee will materially adversely affect, the Debtor's financial condition, the Collateral or the Debtor's ability to perform its obligations hereunder; and
 - (iv) in the case of financial statements, have been prepared in accordance with generally accepted accounting principles.

3.2 **Reliance and Survival.** All representations and warranties of the Debtor made in this Security Agreement or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, will survive the execution and delivery of this Security Agreement and will continue in full force and effect without time limit. The Secured Party will be considered to have relied upon each such representation and warranty in spite of any investigation made by or on behalf of the Secured Party at any time.

3.3 **Unlimited Liability Company.** Despite any other provision in this Security Agreement or any other agreement between the Secured Party and the Debtor, if the Debtor is the holder of shares or other interests in one or more unlimited liability companies ("ULC"), then the Debtor is the sole registered and beneficial owner of all shares or other interests in the ULC ("ULC Shares") subject to the security interests created hereby and will remain the owner of all ULC Shares until the ULC Shares are transferred into the name of the Secured Party or another person on the books and records of the ULC issuer thereof.

PART 4

POSITIVE COVENANTS

4.1 **Positive Covenants.** The Debtor covenants with the Secured Party the following:

- (a) **Defend Collateral.** It will defend the Collateral against all claims and demands of all persons claiming the Collateral or an interest therein at any time;
- (b) **Lists of Accounts.** If the Collateral includes Accounts, the Debtor will (unless the Secured Party otherwise agrees in writing) deliver to the Secured Party within 30 days of each calendar month end an aged list of the Accounts as at that particular month end in a form acceptable to the Secured Party;
- (c) **Provide Information.** Upon the demand by the Secured Party it will furnish in writing to the Secured Party all information requested concerning the Collateral, and it will promptly advise the Secured Party of the serial number, year, make and model of each serial numbered good at any time included in the Collateral;
- (d) **Insurance.** It will insure and keep insured to their full insurable value with a company or companies selected by the Debtor and approved in writing by the Secured Party all the Collateral against such perils as may be prudent having regard to the nature of the Collateral and the business of the Debtor (including an extended coverage insurance clause), and whenever and to the extent required in writing by the Secured Party, the Debtor will:
 - (i) furnish a certificate by an independent appraiser or insurance adjuster selected by the Debtor and approved by the Secured Party as to the sufficiency of such insurance, which certificate will be conclusive as against the Debtor both as to the amount of insurance required hereunder and the perils against which coverage is required hereunder, and the Debtor will immediately insure in accordance with such certificate;
 - (ii) cause to be included in such policy or policies a mortgage clause in such form as may be approved by the Secured Party;
 - (iii) cause to be endorsed in such form as may be required by the Secured Party on the policies evidencing such insurance a notation that any amounts payable under such policies will be paid to the Secured Party as its interest may appear; and
 - (iv) deposit with the Secured Party every policy and renewal certificate for such insurance or a certified copy thereof;
- (e) **Repair.** It will keep the Collateral in good condition and repair according to the nature and description thereof respectively and if the Debtor neglects to keep the Collateral or any part thereof in good condition and repair then the Secured Party may (but will not be required to) from time to time, without any notice to the Debtor in situations considered by the Secured Party to be emergency situations and otherwise upon not less than 15 days' notice, make such repairs as it in its sole discretion considers necessary;
- (f) **Other Indebtedness.** It will pay and discharge as they become due all payments due and owing under or concerning any other indebtedness created or security given by the Debtor to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto, and any default in payment of

any monies due and payable under or relating to any previous indebtedness or security or in the observance, performance or carrying out of any of the terms, covenants, provisions and agreements relating thereto will be considered to be a default hereunder at the option of the Secured Party and any and all remedies available to the Secured Party hereunder by reason of any default hereunder or by law or otherwise will be immediately available to the Secured Party upon any default of the Debtor under the other indebtedness created or security given by the Debtor;

- (g) **Right of Inspection.** The Secured Party will have the right whenever it considers reasonably necessary either by its officers or authorized agents to enter upon the Debtor's premises and to inspect the Collateral, all books of account and records of the Debtor and copies of all returns made from time to time by the Debtor to boards, agencies or governmental departments and to make extracts therefrom, and generally to conduct such examinations as it may see fit, and without limiting the generality of the foregoing the Secured Party may request information from the solicitor, auditor and other advisors and agents of the Debtor for the time being concerning the affairs and the conduct of business of the Debtor, and the Debtor hereby irrevocably authorizes and directs, and this will constitute the sufficient authority and direction to, any such solicitor, auditor or other person to disclose to the Secured Party such information as to any and all matters relating to the affairs and conduct of the business of the Debtor whether of a confidential nature or otherwise and any costs, expenses and outlays which the Secured Party may incur pursuant hereto will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with such interest, form part of the Obligations secured by this Security Agreement;
- (h) **Costs of Preparation & Enforcement.** It will pay all costs, charges and expenses of and incidental to the taking, preparation, execution and registering notice (and any amendments and renewals of such notice) of this Security Agreement and in taking, recovering, keeping possession of or inspecting the Collateral and generally in any other proceedings taken in enforcing the remedies in this Security Agreement or otherwise in connection with this Security Agreement or by reason of non-payment or procuring payment of the monies hereby secured;
- (i) **Costs Caused by Default.** If the Debtor defaults in any covenant to be performed by it hereunder, the Secured Party may, but is not required to, perform any covenant of the Debtor capable of being performed by the Secured Party, and if the Secured Party is put to any costs, charges, expenses or outlays to perform any such covenant, the Debtor will indemnify the Secured Party for such costs, charges, expenses or outlays and such costs, charges, expenses or outlays (including solicitors' fees and charges incurred by the Secured Party on an "own client" basis) will be payable immediately by the Debtor to the Secured Party, will bear interest at the highest rate borne by any of the other Obligations and will, together with such interest, form part of the Obligations secured by this Security Agreement;
- (j) **Court Costs.** In any judicial proceedings taken to cancel this Security Agreement or to enforce this Security Agreement and the covenants of the Debtor hereunder the Secured Party will be entitled to special costs. Any costs so recovered will be credited against any solicitors' fees and charges paid or incurred by the Secured Party relating to the matters in respect of which the costs were awarded and which have been added to the monies secured hereunder pursuant to the foregoing clause;
- (k) **Notice of Litigation.** It will give written notice to the Secured Party of all litigation or other claims before any court, administrative board or other tribunal affecting the Debtor or the Collateral or any part thereof;

- (l) **Corporate Existence etc.** It will at all times maintain its corporate existence; that it will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; and that it will keep or cause to be kept proper books of account in accordance with sound accounting practice;
- (m) **Taxes.** It will pay all taxes, rates, levies, charges, assessments, statute labour or other imposition whatsoever now or hereafter rated, charged, assessed, levied or imposed by any lawful authority or otherwise howsoever on it, on the Collateral or on the Secured Party in respect of the Collateral or any part or parts thereof, or any other matter or thing in connection with this Security Agreement, except when and so long as the validity of such taxes, rates, levies, charges, assessments, statute labour or other imposition is in good faith contested by it, and will, if and when required in writing by the Secured Party, furnish for inspection the receipts for any such payments;
- (n) **Payments.** It will promptly pay or remit all amounts which if left unpaid or unremitted might give rise to a lien or charge on any of the Collateral ranking or purporting to rank in priority to any security interest created by this Security Agreement;
- (o) **Further Assurances.** It will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party may reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party the Collateral and the security interests intended to be created hereunder, for the purpose of accomplishing and effecting the intention of this Security Agreement;
- (p) **Purchase Monies.** If the Secured Party advances money to the Debtor for the purpose of enabling the Debtor to purchase or acquire rights in any Collateral the Debtor will use such money only for that purpose and will promptly provide the Secured Party with evidence that such money was so applied;
- (q) **Governing Law.** The Debtor will require that any agreement to which it and any securities intermediary are a party in respect of any security entitlement or security account included in or relating to any Collateral will specify that the laws of the province of Alberta, or such other laws consented to by the Secured Party in writing, will be that securities intermediary's jurisdiction for the purposes of that agreement, the STA and the PPSA; and

PART 5

NEGATIVE COVENANTS

5.1 **Negative Covenants.** The Debtor covenants and agrees with the Secured Party that it will not, without the prior written consent of the Secured Party:

- (a) **Change Name.** Change its name;
- (b) **Amalgamate.** Amalgamate or otherwise merge its business with the business of any other person;
- (c) **Continue.** Continue from the jurisdiction which presently exercises primary corporate governance over the affairs of the Debtor;
- (d) **Permit Charges.** Permit the Collateral or any part or parts thereof to become subject to any mortgage, charge, lien, encumbrance or security interest, whether made, given or created by the Debtor or otherwise except as permitted by Schedule A, if any;

- (e) **Sell Collateral.** Except as permitted in paragraph 5.2 sell, lease or otherwise dispose of the Collateral or any part or parts thereof (and in the event of any sale, lease or other disposition permitted or consented to it will pay the proceeds to the Secured Party);
- (f) **Abandon Collateral.** Release, surrender or abandon the Collateral or any part or parts thereof;
- (g) **Move Collateral.** Move the Collateral or any part or parts thereof from its present location or locations (and will promptly advise the Secured Party of the new location or locations);
- (h) **Accessions.** Permit any of the Collateral to become an accession to any property other than other Collateral;
- (i) **Control Agreements.** Consent to, and represents and warrants to the Secured Party that it has not previously consented to:
 - (i) the entering into by any issuer of uncertificated securities included in or relating to the Collateral of a an agreement in writing ("Control Agreement") with the Secured Party agreeing that the issuer will comply with instructions originated by the Secured Party without the further consent of the Debtor or any other entitlement holder in respect of those uncertificated securities with any person other than the Secured Party or such nominee or agent as it may direct; or
 - (ii) the entering into by any securities intermediary for any securities accounts, security entitlements or other investment property other than uncertificated securities included in or relating to the Collateral, of a Control Agreement in respect of such securities accounts, security entitlements or other investment property with any person other than the Secured Party or such nominee or agent as it may direct.

5.2 **Sale of Inventory.** If this Security Agreement grants a security interest in Inventory, until an Event of Default has occurred and the Secured Party has determined to enforce the security interests hereby created, the Debtor may only sell Inventory in the ordinary course of business and provided that all sales will be on commercially reasonable terms, and all proceeds of sales will, upon demand, immediately be paid over to the Secured Party.

PART 6

DEFAULT AND ENFORCEMENT

6.1 **Events of Default.** The happening of any one or more of the following events or conditions will constitute an event of default under this Security Agreement ("Event of Default"):

- (a) **Default.** If the Debtor defaults in payment or performance of the Obligations or in the observance or performance of something required to be done or some covenant or condition required to be observed or performed in this Security Agreement or in any other agreement or instrument between the Debtor and the Secured Party;
- (b) **Misrepresentation.** If any representation or warranty given by the Debtor, or if the Debtor is a corporation by any director or officer thereof, is untrue in any material respect;
- (c) **Winding-Up.** If an order is made or a resolution passed for the winding-up of the Debtor, or if a petition is filed for the winding-up of the Debtor;

- (d) **Bankruptcy.** If the Debtor commits or threatens to commit any act of bankruptcy or becomes insolvent or makes an assignment or proposal under the *Bankruptcy and Insolvency Act* or a general assignment in favour of its creditors or a bulk sale of its assets, or if a bankruptcy petition is filed or presented against the Debtor;
- (e) **Receiver, Etc.** If any receiver, receiver-manager, trustee, custodian, liquidator or similar agent is appointed for the Debtor or for any of the Debtor's property;
- (f) **Arrangement.** If any proceedings concerning the Debtor are commenced under the *Companies' Creditors Arrangement Act*;
- (g) **Execution etc.** If any execution, sequestration, extent or any other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the Collateral or any part thereof;
- (h) **Other Indebtedness.** If the Debtor permits any sum which has been admitted as due by the Debtor or is not disputed to be due by it and which forms or is capable of being made a charge upon any of the Collateral in priority to the security interests created by this Security Agreement to remain unpaid for 30 days;
- (i) **Cease Business.** If the Debtor ceases or threatens to cease to carry on its business;
- (j) **Default in Other Payment.** If the Debtor defaults in payment of any indebtedness or liability to the Secured Party or any other person, whether secured hereby or not;
- (k) **Material Adverse Change.** If, in the opinion of the Secured Party, a material adverse change occurs in the financial condition of the Debtor;
- (l) **Impaired Ability or Security.** If the Secured Party in good faith and on commercially reasonable grounds believes that the ability of the Debtor to pay any of the Obligations to the Secured Party or to perform any of the covenants contained in this Security Agreement is impaired or any security granted by the Debtor to the Secured Party is or is about to be impaired or in jeopardy;
- (m) **Change of Control.** If the Debtor is a corporation and if, in the opinion of the Secured Party, effective control of the Debtor changes.

6.2 **Acceleration.** If an Event of Default described in paragraph 6.1(e) occurs all of the Obligations will immediately become due and payable without any demand or any notice of any kind to the Debtor. If any other Event of Default occurs the Secured Party, in its sole and absolute discretion, may declare all or any part of the Obligations (whether or not by their terms payable on demand) immediately due and payable, without any further demand or notice of any kind.

6.3 **Demand Obligations.** The Debtor agrees that the provisions of paragraph 6.1 and paragraph 6.2 will not affect the demand nature of any indebtedness or obligations payable on demand and the Secured Party may demand payment of such indebtedness and obligations at any time without restriction, whether or not the Debtor has complied with the provisions of this Security Agreement or any other instrument between the Debtor and the Secured Party.

6.4 **Security Interests Enforceable.** The occurrence of an Event of Default will cause the security interests created hereby to become enforceable without the need for any action or notice by the Secured Party.

6.5 **Remedies of the Secured Party.** If the security interests hereby created become enforceable, the Secured Party may enforce its rights by any one or more of the following remedies:

- (a) **Take Possession.** By taking possession of the Collateral or any part thereof, and collecting, demanding, suing, enforcing, recovering, receiving and otherwise getting in the Collateral, and for that purpose entering into and upon any lands, tenements, buildings, houses and premises and doing any act and taking any proceedings in the name of the Debtor, or otherwise, as the Secured Party considers necessary;
- (b) **Court Appointed Receiver.** By proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver-manager of all or any part of the Collateral;
- (c) **Court Ordered Sale.** By proceedings in any court of competent jurisdiction for the sale or foreclosure of all or any part of the Collateral;
- (d) **File Proofs of Claim.** By filing of proofs of claim and other documents to establish its claims in any proceeding or proceedings relating to the Debtor;
- (e) **Appoint Receiver.** By appointment by instrument in writing of a receiver or receiver-manager of all or any part of the Collateral;
- (f) **Sale or Lease.** By sale or lease by the Secured Party of all or any part of the Collateral (whether or not it has taken possession of the Collateral);
- (g) **Voluntary Foreclosure.** By retaining any of the Collateral in satisfaction of all or part of the Obligations, in accordance with paragraph 6.11;
- (h) **Other Remedies.** By any other remedy or proceeding authorized or permitted hereby or by law or equity (including all of the rights and remedies of a secured party under the *Personal Property Security Act* in effect from time to time);

and in exercising, delaying in exercising or failing to exercise, any such right or remedy the Secured Party will not incur any liability to the Debtor.

6.6 **Power of Sale.** The provisions of paragraph 6.7(g) will apply, mutatis mutandis, to a sale or lease of any of the Collateral by the Secured Party under paragraph 6.5(f).

6.7 **Receiver or Receiver-Manager.** Any time after the security interests hereby created have become enforceable, the Secured Party may from time to time appoint in writing any qualified person to be a receiver or receiver-manager ("Receiver") of the Collateral and may likewise remove any such person so appointed and appoint another qualified person in his stead. Any Receiver appointed hereunder will have the following powers:

- (a) **Take Possession.** To take possession of the Collateral or any part thereof, and to collect and get in the Collateral and for that purpose to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Debtor, or otherwise, as the Receiver considers necessary;
- (b) **Carry On Business.** If this Security Agreement creates security interests in substantially all of the Debtor's present and after-acquired personal property, to carry on or concur in carrying on the business of the Debtor (including, without limiting the generality of the powers contained in this Security Agreement, the payment of the obligations of the Debtor whether or not they are due and the cancellation or amendment of any contracts between the Debtor and any other person) and the employment and discharge of such agents, managers, clerks, accountants, servants, workmen and others upon such terms and with such salaries, wages or remuneration as the Receiver thinks proper;

- (c) **Repair.** To repair and keep in repair the Collateral or any part or parts thereof and to do all necessary acts and things for the protection of the Collateral;
- (d) **Arrangements.** To make any arrangement or compromise which the Receiver thinks expedient in the interests of the Secured Party or the Debtor and to assent to any modification or change in or omission from the provisions of this Security Agreement;
- (e) **Exchange.** To exchange any part or parts of the Collateral for any other property suitable for the purposes of the Debtor upon such terms as may seem expedient and either with or without payment or exchange of money or equality of exchange or otherwise;
- (f) **Borrow.** To raise on the security of the Collateral or any part or parts thereof, by mortgage, charge or otherwise any sum of money required for the repair, insurance or protection thereof, or any other purposes mentioned in this Security Agreement, or as may be required to pay off or discharge any lien, charge or encumbrance upon the Collateral or any part thereof, which would or might have priority over the security interests hereby created;
- (g) **Sell or Lease.** Whether or not the Receiver has taken possession, to sell or lease or concur in the sale or leasing of any of the Collateral or any part or parts thereof after giving the Debtor not less than 20 days' written notice of the Receiver's intention to sell or lease, and to carry any such sale or lease into effect by conveying, transferring, letting or assigning in the name of or on behalf of the Debtor or otherwise; and any such sale or lease may be made either at public sale or lease (including public auction or closed tender), or by private sale or lease, as the Receiver may determine and any such sale or lease may be made from time to time as to the whole or any part or parts of the Collateral; and the Receiver may make any stipulations as to title or conveyance or otherwise which the Receiver considers proper; and the Receiver may rescind or vary any contract for the sale or lease of any of the Collateral or any part or parts thereof, and may resell and re-lease without being answerable for any loss occasioned thereby; and the Receiver may sell or lease any of the Collateral for cash or credit, or part cash and part credit, or otherwise as may appear to be most advantageous, and at such prices as can be reasonably obtained therefor, and in the event of a sale or lease on credit neither the Receiver nor the Secured Party will be accountable for or charged with any monies until actually received.

6.8 **Liability of Receiver.** The Receiver appointed and exercising powers under the provisions hereof will not be liable for any loss howsoever arising unless the loss is caused by the Receiver's own gross negligence or wilful default, and the Receiver will when so appointed be considered to be the agent of the Debtor and the Debtor will be solely responsible for the Receiver's acts and defaults and for the Receiver's remuneration.

6.9 **Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor concerning the Collateral will cease, unless specifically continued by the written consent of the Secured Party or the Receiver.

6.10 **Validity of Sale or Lease.** No buyer at any sale and no lessee under any lease purporting to be made in pursuance of the powers set out in paragraph 6.5(f) and paragraph 6.7(g) will be bound to see or enquire whether any default has been made or continues or whether any notice required hereunder has been given or as to the necessity or expediency of the stipulations subject to which sale or lease has been made or otherwise as to the propriety of such sale or lease, or the regularity of proceedings or be affected by notice that such default has been made or continues or notice given as aforesaid, or that the sale or lease is otherwise unnecessary, improper or irregular; and in spite of any impropriety or irregularity or notice thereof to such buyer or lessee the sale or lease to such buyer or lessee will be considered to

be within the aforesaid power and to be valid accordingly and the remedy (if any) of the Debtor in respect of any impropriety or irregularity whatsoever in any such sale or lease will be in damages only.

6.11 **Voluntary Foreclosure.** The Secured Party may elect to retain any of the Collateral in satisfaction of the Obligations or any of them. The Secured Party may designate any part of the Obligations to be satisfied by the retention of particular Collateral which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations will be considered to be satisfied by the retention of the particular Collateral.

6.12 **Proceeds of Disposition.** The proceeds of the sale, lease or other disposition of the whole or any part of the Collateral will be applied as follows:

- (a) FIRSTLY to pay and discharge all rents, taxes, rates, insurance premiums and out-goings affecting the Collateral;
- (b) SECONDLY to pay all costs and expenses of taking possession and/or sale or lease or otherwise (including the Receiver's remuneration, if any);
- (c) THIRDLY to pay such amounts as are necessary to keep in good standing all liens and charges on the Collateral ranking in priority to the security interests hereby created;
- (d) FOURTHLY to pay any principal, interest and other monies due and payable hereunder (in such order as the Secured Party may require); and
- (e) If any surplus remains in the hands of the Receiver or the Secured Party then the Debtor will be entitled to such surplus but only upon demand in writing made therefor.

6.13 **No Set-Off Etc.** The Obligations will be paid by the Debtor without regard to any equities between the Debtor and the Secured Party or any right of set-off, combination of accounts, cross-claim or counterclaim. Any indebtedness owing by the Secured Party to the Debtor may be set off or applied against, or combined with, the Obligations by the Secured Party at any time, either before or after maturity, without demand upon, or notice to, anyone.

6.14 **Deficiency.** If the proceeds of the realization of the Collateral are insufficient to fully pay to the Secured Party the Obligations, the Debtor will immediately pay such deficiency or cause it to be paid to the Secured Party.

6.15 **Waiver.** The Secured Party may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any Event of Default, provided always that no act or omission of the Secured Party will extend to or be taken in any manner whatsoever to affect any subsequent breach or Event of Default or the rights resulting therefrom.

6.16 **Time for Payment.** If the Secured Party demands payment of any Obligations which are payable on demand or if any Obligations are otherwise due by maturity or acceleration, it will be considered reasonable for the Secured Party to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment which might otherwise be required to be given to the Debtor by applicable law is hereby irrevocably waived.

PART 7

NOTICES

7.1 **Notices.** In this Security Agreement:

(a) Any notice or communication required or permitted to be given under this Security Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission or mailed by prepaid registered post in Canada, to the address or facsimile transmission number of each party set out below:

(i) if to Secured Party:

Maynards Financial Limited Partnership
1837 Main Street
Vancouver, British Columbia V5T 3B8

Attention: Dean Shillington
Fax No.: 866.684.7726

(ii) if to Debtor:

Street Address

Clayton Construction Co. Ltd.
6209 - 44 Street
Lloydminster, AB T9W 1V8

Mailing Address

Clayton Construction Co. Ltd.
P.O. Box 11577
Lloydminster, AB T9V 3B8

Attention: Glen Clayton
Fax No.: 780.871.5996

or to such other address or facsimile transmission number as any party may designate in the manner set out above.

(b) Any notice or communication will be considered to have been received:

(i) if delivered by hand during business hours, upon receipt by a responsible representative of the receiver, and if not delivery during business hours, upon the commencement of the next business day;

(ii) if sent by facsimile transmission during business hours, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of the next business day; and

(iii) if mailed by prepaid registered post in Canada, upon the fifth business day following posting; except that, in the case of a disruption or an impending or threatened disruption in postal services every notice or communication will be delivered by hand or sent by facsimile transmission.

(c) In this Security Agreement "business day" will mean a day which is not a Saturday or defined as a "holiday" under the *Interpretation Act* (Alberta), as amended or replaced from time to time.

PART 8

GENERAL

8.1 **No Automatic Discharge.** This Security Agreement will not be or be considered to have been discharged by reason only of the Debtor ceasing to be indebted or under any liability, direct or indirect, absolute or contingent, to the Secured Party.

8.2 **Discharge.** If at any time there are no Obligations then outstanding and the Debtor is not in default of any of the covenants, terms and provisos on the Debtor's part contained in this Security Agreement, then, at the request and at the expense of the Debtor and upon payment by the Debtor to the Secured Party of the Secured Party's reasonable discharge fee for discharging a security agreement, the Secured Party will cancel and discharge this Security Agreement and the security interests granted in this Security Agreement and the Secured Party will execute and deliver to the Debtor all such documents as are required to effect such discharge.

8.3 **No Obligation to Advance.** The Debtor acknowledges and agrees that none of the preparation, execution or registration of notice of this Security Agreement will bind the Secured Party to advance the monies hereby secured nor will the advance of a part of the monies hereby secured bind the Secured Party to advance any unadvanced portion thereof.

8.4 **Security Additional.** The Debtor agrees that the security interests created by this Security Agreement are in addition to and not in substitution for any other security now or hereafter held by the Secured Party.

8.5 **Realization.** The Debtor acknowledges and agrees that the Secured Party may realize upon various securities securing the Obligations or any part thereof in such order as it may be advised and any such realization by any means upon any security or any part thereof will not bar realization upon any other security or the security hereby constituted or parts thereof.

8.6 **No Merger.** This Security Agreement will not operate to create any merger or discharge of any of the Obligations, or of any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest held or which may hereafter be held by the Secured Party from the Debtor or from any other person whomsoever. The taking of a judgment concerning any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

8.7 **Extensions.** The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests and otherwise deal with the Debtor, Account Debtors, sureties and others and with the Collateral and other security interests as the Secured Party may see fit without prejudice to the liability of the Debtor or to the Secured Party's right to hold and realize on the security constituted by this Security Agreement.

8.8 **Provisions Reasonable.** The Debtor acknowledges that the provisions of this Security Agreement and, in particular, those provisions respecting rights, remedies and powers of the Secured Party or any Receiver against the Debtor, its business and any Collateral are commercially reasonable.

8.9 **Assignment.** The Secured Party may, without notice to the Debtor, at any time assign, transfer or grant a security interest in this Security Agreement and the security interests hereby granted. The Debtor expressly agrees that the assignee, transferee or secured party, as the case may be, will have all of the Secured Party's rights and remedies under this Security Agreement and the Debtor will not assert any defence, cross-claim, counterclaim, right of set-off or otherwise any claim which the Debtor now has or hereafter acquires against the Secured Party in any action commenced by any such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

8.10 **Appropriation of Payments.** Any and all payments made in respect of the Obligations from time to time and monies realized from any security interests held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Secured Party may see fit and the Secured Party may at all times and from time to time change any appropriation as the Secured Party may see fit.

8.11 **No Representations.** The Debtor acknowledges and agrees that the Secured Party has made no representations or warranties other than those contained in this Security Agreement.

8.12 **Use of Collateral by Debtor.** Except as provided herein, until an Event of Default occurs the Debtor will be entitled to possess, operate, collect, use and enjoy the Collateral in any manner not inconsistent with the terms hereof.

8.13 **Modifications, Etc.** No modification or amendment of this Security Agreement will be effective unless in writing and executed by the Debtor and the Secured Party and no waiver of any of the provisions of this Security Agreement will be effective unless in writing and signed by the party waiving the provision.

8.14 **Disclosure of Information.** The Debtor consents to the Secured Party, in compliance or purported compliance with any statutory disclosure requirements, disclosing information about the Debtor, this Security Agreement, the Collateral and the Obligations to any person the Secured Party believes is entitled to such information and the Debtor acknowledges and agrees that the Secured Party may charge and retain a reasonable fee and its costs incurred in providing such information.

8.15 **Statutory Waivers.** To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statute which imposes limitations upon the powers, rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

PART 9

INTERPRETATION

9.1 **Incorporated Definitions.** In this Security Agreement words which are defined in the *Alberta Personal Property Security Act* ("PPSA") or the *Alberta Securities Transfer Act* ("STA") which are not defined in this Security Agreement will have the respective meanings given to them in the PPSA or the STA.

9.2 **Headings.** The headings in this Security Agreement are inserted for convenience of reference only and will not affect the construction or interpretation of this Security Agreement.

9.3 **Generally Accepted Accounting Principles.** Where the Canadian Institute of Chartered Accountants includes a recommendation in its Handbook concerning the treatment of any accounting matter, such recommendation will be regarded as the only generally accepted accounting principle applicable to the circumstances that it covers and references in this Security Agreement to generally accepted accounting principles will be interpreted accordingly.

9.4 **Severability.** If any provision contained in this Security Agreement is invalid or unenforceable the remainder of this Security Agreement will not be affected thereby and each provision of this Security Agreement will separately be valid and enforceable to the fullest extent permitted by law.

9.5 **Laws of Alberta.** This Security Agreement is governed by, and construed in accordance with, the laws of the Province of Alberta and the Debtor submits to the non-exclusive jurisdiction of the courts of Alberta concerning this Security Agreement.

9.6 **Time of Essence.** Time will be of the essence hereof.

9.7 **Number and Gender.** In this Security Agreement, words in the singular include the plural and vice-versa and words in one gender include all genders.

9.8 **Execution.** This Security Agreement may be signed by original or facsimile.

9.9 **Enurement.** This Security Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

PART 10

ACKNOWLEDGMENT AND WAIVER

10.1 **Acknowledgment and Waiver.** The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement filed or issued, as the case may be, at any time in respect of this Security Agreement or any amendments hereto.

TO EVIDENCE ITS AGREEMENT the Debtor has executed this Security Agreement on the date first appearing above.

CLAYTON CONSTRUCTION CO. LTD.

By:

Authorized Signatory

Print Name: Glenn Allan Clayton

Title: President

SCHEDULE A

Prior Security Interests

None.

SCHEDULE B

Debtor's Place(s) of Business

Head Office

Clayton Construction Co. Ltd.
6209 44th St.
Lloydminster, AB T9V 1V8

Other Places of Business:

Location(s) of Collateral

◆

EXHIBIT C

This is Exhibit "C" referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 2018
.....
A Commissioner for taking
Affidavits for British Columbia

ASSIGNMENT AND POSTPONEMENT OF CLAIM

BACKGROUND

A. GLENN ALLAN CLAYTON ("Postponer") has requested that MAYNARDS FINANCIAL LIMITED PARTNERSHIP ("Lender") lend money to, or otherwise incur liabilities on behalf of, CLAYTON CONSTRUCTION CO. LTD. ("Borrower") and to induce the Lender to do so has agreed to provide this assignment and postponement of claim ("Postponement").

AGREEMENTS

In consideration of the Lender agreeing to lend money to, or otherwise dealing with or incurring liabilities on behalf of the Borrower at the request of the Postponer and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged) the Postponer covenants and agrees with the Lender as follows:

PART 1

ASSIGNMENT AND POSTPONEMENT OF CLAIMS

1.1 Assignment and Postponement. All debts and liabilities present and future of the Borrower to the Lender are assigned to the Lender and postponed to all and every indebtedness (including interest, costs, charges and expenses in connection therewith) and all and every liability, present and future, absolute and contingent and howsoever arising of the Borrower to the Lender from time to time and at all times and whether or not the Postponer is aware of such indebtedness or liability when incurred (the "Indebtedness").

1.2 Payment to Lender. Any monies received by the Postponer from the Borrower after the execution of this Postponement will be received in trust for, and paid over to, the Lender forthwith upon receipt and may be applied by the Lender in payment of the Indebtedness.

PART 2

GENERAL

2.1 Assignment. The Lender may assign this Postponement in whole or in part, absolutely or by way of security, without notice to or the consent of the Postponer.

2.2 Remedies. All remedies of the Lender under this Postponement are in addition to and not restrictive of the remedies to which the Lender might be entitled to at law or in equity and no single or partial exercise of any right or remedy precludes any other or further exercise thereof nor will the failure of the Lender or any delay in exercising the rights of the Lender under this Postponement operate as a waiver.

2.3 Postponement in Addition. This Postponement is in addition to, and not in substitution for, any securities or guarantees which the Lender may at any time possess and the Lender will not be required to marshal for the benefit of the Postponer any securities or assets which the Lender has or has a claim upon.

2.4 No Subrogation. The Postponer will not claim to be subrogated in any manner to the position of the Lender and will not claim the benefit of any security at any time held by the Lender.

2.5 Best Interests. If the Postponer is a corporation the Postponer acknowledges that it is not insolvent and that there are reasonable grounds for believing that, or the directors are of the opinion that, the giving of the financial assistance constituted by this Postponement is in the best interests of the Postponer.

2.6 Records. The records of the Lender will be prima facie evidence as to the amount outstanding on account of the Indebtedness.

PART 3

CONSTRUCTION AND INTERPRETATION

3.1 Headings. The headings in this Postponement are inserted for convenience of reference only and do not affect the construction or interpretation of this Postponement.

3.2 Governing Law. This Postponement will be governed by, and construed in accordance with, the laws of the Province of Alberta.

3.3 Submission to Jurisdiction. The Postponer submits to the jurisdiction of the Courts of the Province of Alberta and agrees to be bound by any suit, action or proceeding commenced in such Courts and by any order or judgment resulting from such suit, action or proceeding, provided that the foregoing in no way limits the right of the Lender to commence suits, actions or proceedings based on this Postponement in any jurisdiction.

3.4 Invalidity of Any Provision. If any provision in this Postponement is invalid or unenforceable, the remainder of this Postponement will not be affected thereby and each covenant, obligation or provision of this Postponement will separately be valid and enforceable to the fullest extent permitted by law.

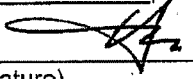
3.5 Amendments. No provisions of this Postponement may be amended, modified or waived except in writing signed by the Lender.

3.6 Enurement. This Postponement will extend to, and enure to the benefit of, the Lender, its successors and assigns and will be binding upon the Postponer and the Postponer's heirs, executors, administrators, successors and assigns and each of them.

3.7 Acknowledgement. The Postponer acknowledges receipt of a copy of this Postponement and waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed, registered, or issued, as the case may be, at any time in respect of this Postponement or any amendments to this Postponement.

THE POSTPONER ACKNOWLEDGES THAT THE POSTPONER HAS READ AND FULLY UNDERSTANDS THIS POSTPONEMENT.

TO EVIDENCE HIS AGREEMENT the Postponer has executed this Postponement on the date appearing below.


SIGNED, SEALED AND DELIVERED on
August 27, 2014 in the presence of:


(Signature)
Christopher J. Sarsons

(Print Name)
Lloydminster, Alberta

(Address)
Lawyer

(Occupation)
(as to all signatures)



GLENN ALLAN CLAYTON

THE GUARANTEES ACKNOWLEDGEMENT ACT

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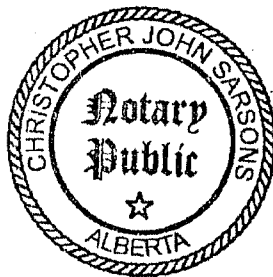
CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

1. GLENN ALLAN CLAYTON, the Guarantor/Assignor in the Guarantee (Assignment and Postponement of Claim) dated the 27th day of August, 2014, made between GLENN ALLAN CLAYTON and the MAYNARDS FINANCIAL LIMITED PARTNERSHIP to which this certificate is attached or noted upon appeared in person before me and acknowledged that he/she had executed the guarantee.

2. I satisfied myself by examination of him that he is aware of the contents of the guarantee (Assignment and Postponement of Claim) and understands it.

GIVEN at the City of Lloydminster, in the Province of Alberta, this 27th day of August, 2014, under my hand and seal of office.



A handwritten signature in black ink, appearing to be "C. Sarsons", written over a horizontal line.

NAME: Christopher J. Sarsons
A NOTARY PUBLIC for the
Province of Alberta
Being a Solicitor
(affix seal)

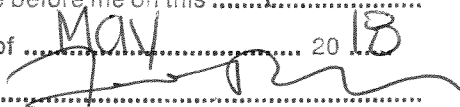
STATEMENT OF GUARANTOR

I am the person named in this Certificate.

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

signature of Guarantor

EXHIBIT D

This is Exhibit "D" referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 20 18

A Commissioner for taking
Affidavits for British Columbia

ASSIGNMENT AND POSTPONEMENT OF CLAIM

BACKGROUND

A. JOHN JAMES CLAYTON ("**Postponer**") has requested that MAYNARDS FINANCIAL LIMITED PARTNERSHIP ("**Lender**") lend money to, or otherwise incur liabilities on behalf of, CLAYTON CONSTRUCTION CO. LTD. ("**Borrower**") and to induce the Lender to do so has agreed to provide this assignment and postponement of claim ("**Postponement**").

AGREEMENTS

In consideration of the Lender agreeing to lend money to, or otherwise dealing with or incurring liabilities on behalf of the Borrower at the request of the Postponer and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged) the Postponer covenants and agrees with the Lender as follows:

PART 1

ASSIGNMENT AND POSTPONEMENT OF CLAIMS

1.1 Assignment and Postponement. All debts and liabilities present and future of the Borrower to the Lender are assigned to the Lender and postponed to all and every indebtedness (including interest, costs, charges and expenses in connection therewith) and all and every liability, present and future, absolute and contingent and howsoever arising of the Borrower to the Lender from time to time and at all times and whether or not the Postponer is aware of such indebtedness or liability when incurred (the "**Indebtedness**").

1.2 Payment to Lender. Any monies received by the Postponer from the Borrower after the execution of this Postponement will be received in trust for, and paid over to, the Lender forthwith upon receipt and may be applied by the Lender in payment of the Indebtedness.

PART 2

GENERAL

2.1 Assignment. The Lender may assign this Postponement in whole or in part, absolutely or by way of security, without notice to or the consent of the Postponer.

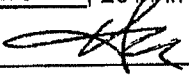
2.2 Remedies. All remedies of the Lender under this Postponement are in addition to and not restrictive of the remedies to which the Lender might be entitled to at law or in equity and no single or partial exercise of any right or remedy precludes any other or further exercise thereof nor will the failure of the Lender or any delay in exercising the rights of the Lender under this Postponement operate as a waiver.

2.3 Postponement in Addition. This Postponement is in addition to, and not in substitution for, any securities or guarantees which the Lender may at any time possess and the Lender will not be required to marshal for the benefit of the Postponer any securities or assets which the Lender has or has a claim upon.

THE POSTPONER ACKNOWLEDGES THAT THE POSTPONER HAS READ AND FULLY UNDERSTANDS THIS POSTPONEMENT.

TO EVIDENCE HIS AGREEMENT the Postponer has executed this Postponement on the date appearing below.

SIGNED, SEALED AND DELIVERED on
August 28, 2014 in the presence of:



(Signature)

Christopher J. Sarsons

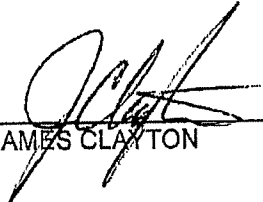
(Print Name)

Lloydminster, Alberta

(Address)

Lawyer

(Occupation)
(as to all signatures)



JOHN JAMES CLAYTON

THE GUARANTEES ACKNOWLEDGEMENT ACT

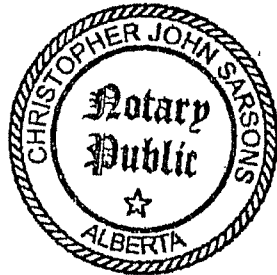
CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

1. JOHN JAMES CLAYTON, the Guarantor/Assignor in the Guarantee (Assignment and Postponement of Claim) dated the 28 day of August, 2014, made between JOHN JAMES CLAYTON and the MAYNARDS FINANCIAL LIMITED PARTNERSHIP to which this certificate is attached or noted upon appeared in person before me and acknowledged that he/she had executed the guarantee.

2. I satisfied myself by examination of him that he is aware of the contents of the guarantee (Assignment and Postponement of Claim) and understands it.

GIVEN at the City of Lloydminster, in the Province of Alberta, this 28 day of August 2014, under my hand and seal of office.



NAME:

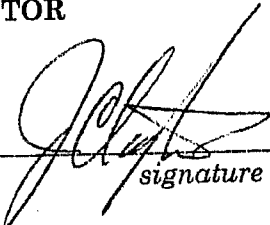


Christopher J. Sarsons

A NOTARY PUBLIC for the
Province of Alberta
Being a Solicitor
(affix seal)


STATEMENT OF GUARANTOR

I am the person named in this Certificate.



signature of Guarantor

EXHIBIT E

This is Exhibit "E" referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 2018

A Commissioner for taking
Affidavits for British Columbia

LIMITED LIABILITY GUARANTEE (PERSONAL)

For value received the undersigned ("Guarantor") hereby guarantees to MAYNARDS FINANCIAL LIMITED PARTNERSHIP ("Lender") payment, forthwith after demand made therefor as hereinafter provided, of all indebtedness and liability (present and future, direct or indirect, absolute or contingent, matured or not) of CLAYTON CONSTRUCTION CO. LTD. ("Customer") to the Lender whether arising from agreement or dealings between the Lender and the Customer or from agreement or dealings between the Lender and any third person by which the Customer now is or hereafter may become indebted or liable to the Lender or however otherwise arising and whether the Customer be bound alone or with another or others and whether as principal or surety or guarantor; **provided, however, that the recourse of the Lender under this guarantee will be limited to an amount not exceeding \$1,000,000.00 together with interest after demand as hereinafter provided plus the costs and expenses of the Lender in enforcing this guarantee; and the Guarantor further agrees that:**

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several. This instrument shall be read with all grammatical changes made necessary by the Guarantor's or Customer's gender.
2. The Lender may increase, reduce, renew, extend, discontinue or otherwise vary the Customer's credit, grant time, renewals, extensions, releases and discharges to, take and give up securities (which may include other guarantees), and otherwise deal with the Customer and other parties and securities as the Lender may see fit, and may apply all monies received from the Customer or others or from the sale or other disposal of security upon such part of the Customer's liability as the Lender may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of the Lender against the Customer or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be a continuing security for payment by the Customer to the Lender of all the indebtedness and liability aforesaid; provided that the Guarantor may determine his further liability under this guarantee by 30 days written notice given to the branch of the Lender at which this guarantee is held but, if such notice be given, this guarantee shall apply and extend to any indebtedness or liability of the Customer to the Lender incurred prior to the expiration of 30 days from the date of receipt of such notice by the said branch of the Lender.
4. The Lender shall not be bound to exhaust its recourse against the Customer or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of securities received by the Lender from the Customer or others, whether occasioned through the fault of the Lender or otherwise, shall not discharge or limit or lessen the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Customer, or, if the Customer is a partnership, any change or changes in the membership of the Customer's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Customer.
7. All monies, advances, renewals and credits borrowed or obtained from the Lender shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Customer or the directors, partners or agents thereof, or that the Customer may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to the Lender after demand therefor by the Lender.
8. Any account settled or stated by or between the Lender and the Customer shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Customer to the Lender is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Customer's indebtedness and liabilities have been paid in full. If the Lender should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom

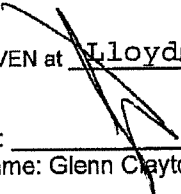
shall be postponed and the Guarantor shall not be entitled to claim repayment against the Customer or the Customer's estate until the Lender's claims against the Customer have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Customer (whether voluntary or compulsory) or in the event that the Customer shall make a bulk sale of any of the Customer's assets within the bulk transfer provisions of any applicable legislations, or shall make any compromise with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the guarantor, for any balance which may be owing to the Lender by the Customer. In the event of the valuation by the Lender of any of its securities and/or the retention of such securities by the Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such securities or as payment or satisfaction or reduction of the Customer's indebtedness or liabilities to the Lender, or any part thereof.

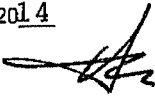
10. Any notice or demand which the Lender may wish to give may be served on the Guarantor either personally on him or his legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same registered mail in an envelope addressed to the last known address of the Guarantor as it appears on the Lender's records and the notice so sent shall be deemed to be received three business days after it has been deposited in the Canada mail.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Customer to the Lender, the Guarantor hereby grants to the Lender a security interest in all debts and liabilities, present and future, of the Customer to the Guarantor, all of which are hereby assigned by the Guarantor to the Lender and postponed to the present and future debts and liabilities of the Customer to the Lender. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to the Lender, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of the Lender, be severed there from. A notice of termination given by the Guarantor pursuant to paragraph 3 shall not terminate the provisions contained in this paragraph 11, which shall continue in full force and effect until released in writing by the Lender. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment.
12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Customer to the Lender then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until the Lender has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default the Lender may maintain an action upon this guarantee whether or not the Customer is joined therein or separate action is brought against the Customer or judgment obtained against him. The Lender's rights are cumulative and shall not be exhausted by the exercise of any of the Lender's rights hereunder or otherwise against the Guarantor or by any successive actions until and unless all indebtedness and liability hereby guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
13. The Guarantor shall pay to the Lender on demand (in addition to all debts and liabilities of the Customer hereby guaranteed) all costs, charges and expenses (including, without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by the Lender for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by the Lender of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate per annum equal to 3% above the rate published by the Lender from time to time as the Lender's prime lending rate. A statement signed by any officer of the Lender confirming the Lender's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by the Lender. Without limiting the generality of the foregoing, all limits and evidence of liability pursuant to any guarantee now or hereafter held by the Lender shall be cumulative.
15. There are no representations, warranties, collateral agreements or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of

the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed or intended signatory or signatories.

16. This instrument shall be construed in accordance with the laws of Alberta, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the courts of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
17. This instrument shall extend to and enure to the benefit of the successors and assigns of the Lender and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor. The Lender may assign or transfer, in whole or in part, its rights under this guarantee or pledge its rights hereunder without the Guarantor's consent and the Guarantor accepts such assignment, transfer or pledge and waives notice thereof. Any assignee, transferee or beneficiary of such assignment, transfer or pledge (each, an "Assignee") will be unrestricted in the exercise of such rights. The Guarantor will recognize any such assignment, transfer or pledge. In the event of such assignment, transfer or pledge, the Guarantor will execute and deliver all such agreements, documents and instruments as the Lender may reasonably request to effect and recognize such assignment, transfer or pledge. The Lender will be relieved and forever discharged of any and all of its covenants and obligations under this guarantee so assigned, transferred or pledged from and after the effective date of same and the Guarantor's recourse under this guarantee, in respect of such portion so assigned, transferred or pledged from and after the effective date will be to such new lender or new lenders only, as the case may be, and their successors and permitted assigns. The Guarantor is not entitled to assign its rights or obligations hereunder.
18. This guarantee may be executed by facsimile transmission and when so executed will be deemed to be an original.

GIVEN at Lloydminster, AB this 27 day of August, 2014

By: 
Name: Glenn Clayton

Witness: 
Christopher J. Sarsons


****ALBERTA ONLY****

GUARANTEES ACKNOWLEDGMENT ACT
Certificate of Notary Public

I hereby certify that

1. GLENN CLAYTON of the **CITY** of Lloydminster in the Province of Alberta, the Guarantor, in the guarantee dated the 27 day of Aug, 2014 made in favour of MAYNARDS FINANCIAL LIMITED PARTNERSHIP which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee; and
2. I satisfied myself by examination of him/her that he/she is aware of the contents of the guarantee and understands it.

GIVEN at the City of Lloydminster in the Province of Alberta this 27 day of August, 2014 under my hand and seal of office.



A Notary Public in and for the Province of
Alberta
Christopher J. Sarsons
Being a Solicitor.


STATEMENT OF GUARANTOR
I am the person named in this Certificate

Glenn Clayton

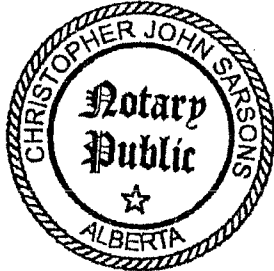
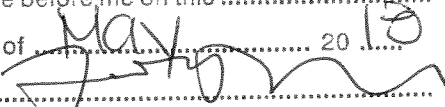


EXHIBIT F

This is Exhibit "F" referred to in the
affidavit of Stephen Davies
made before me on this 4th
day of May 20 13

A Commissioner for taking
Affidavits for British Columbia



1111 WEST HASTINGS, SUITE 388
VANCOUVER, BC
V6E 2J3
CANADA

T: 604.675.2249
F: 604.684.7726
WWW.MAYNBRIDGE.CA

April 4, 2018

VIA EMAIL AND COURIER

CLAYTON CONSTRUCTION CO. LTD., as Borrower
6209-44 Street,
Lloydminster, AB T9W 1V8

GLENN CLAYTON, as Guarantor
6209-44 Street,
Lloydminster, AB T9W 1V8

File No.: 7006-01

Dear Sirs:

Re: Demand for Payment pursuant to Loan Agreement dated August 27, 2014 between Clayton Construction Co. Ltd., as borrower (the "Borrower") and Maynards Financial Limited Partnership., as lender (the "Lender"), as amended (the "Loan Agreement")

This is to inform you that the Borrower's failure to pay the Indebtedness in the amount of \$6,527,923.49 due on February 28, 2018 under the Loan Agreement within 5 days of its due date constitutes an Event of Default pursuant to section 7(a) of the Loan Agreement.

We have endeavoured to continuously assist the Borrower, but based on the foregoing and the terms of the Loan Agreement, we hereby declare the Borrower to be in default and all obligations thereunder and under the related documents, including, without limitation, the Limited Liability Guarantee dated August 27, 2014 provided by the Guarantor listed above, are immediately due and payable by the Borrower and the Guarantor.

As at April 4, 2018, the total current outstanding balance under the Loan Agreement is:

| | |
|--------------------------|----------------|
| Principal | \$6,527,923.49 |
| Accrued Interest | \$ 81,375.48 |
| Total Outstanding Amount | \$6,609,298.97 |

(the "**Outstanding Balance**")

We hereby demand immediate payment in full of the Outstanding Balance, together with any additional interest and penalties that may become due.



1111 WEST HASTINGS, SUITE 388
VANCOUVER, BC
V6E 2J3
CANADA

T: 604.675.2249
F: 866.684.7726
W: MAYNBRIDGE.CA

Please be advised that in addition to the foregoing, we reserve the right to exercise any additional right or remedy we have under the Loan Agreement and security granted pursuant thereto, at law or in equity.

Kindly be advised that unless payment is made to Maynbridge Financial Limited Partnership, by cash, money order or certified funds within ten (10) days of the date of this demand letter, we will take whatever action is necessary to recover the amounts due and owing.

All capitalized terms used but not defined herein will have the meanings given to them pursuant to the Loan Agreement.

Please govern yourselves accordingly.

MAYNARDS FINANCIAL LIMITED PARTNERSHIP
by its general partner,
MAYNARDS CAPITAL INC.

Per:  _____

Encls

Notice of Intention to Enforce a Security
(pursuant to Subsection 244(1) of the *Bankruptcy and Insolvency Act*)

To: Clayton Construction Co. Ltd. ("**Clayton Co.**") and Glenn Clayton, each an insolvent person (each, a "**Debtor**", and collectively, the "**Debtors**")

Take notice that:

1. Maynbridge Financial Limited Partnership, a secured creditor, intends to enforce its security on Clayton Co.'s property described below:

All present and after-acquired personal property of Clayton Co., including all Equipment specifically described in the security set out in Section 2 below (see Schedule "B" – Equipment attached to the Loan Agreement referenced in Subsection 2(a) below)

2. The security that is to be enforced is the following:


- (a) Loan Agreement dated August 27, 2014 between Clayton Co., as borrower, and Maynbridge Financial Limited Partnership, as lender, as amended from time to time (the "**Loan Agreement**");
- (b) General Security Agreement dated August 27, 2014 granted by Clayton Co. in favour of Maynbridge Financial Limited Partnership;
- (c) Limited Liability Guarantee dated August 27, 2014 granted by Glenn Clayton in favour of Maynbridge Financial Limited Partnership;
- (d) Assignment and Postponement of Claim dated August 27, 2014 granted by Glenn Clayton in favour of Maynbridge Financial Limited Partnership;
- and
- (e) Assignment and Postponement of Claim dated August 28, 2014 granted by John James Clayton in favour of Maynbridge Financial Limited Partnership.

3. The total amount of indebtedness secured by the security is \$6,609,298.97 and is more specifically set out in the letter of demand dated April 4, 2018 provided by the secured creditor to the Debtors.

4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

Dated at Vancouver, British Columbia this 4th day of April, 2018.

MAYNBRIDGE FINANCIAL LIMITED PARTNERSHIP,
by its general partner,
MAYNARDS CAPITAL INC.

By: 
Name: Dean Shillington
Title: President