

GENERAL SECURITY AGREEMENT

TO: KEB Hana Bank Canada (the "KHCANADA")
BRANCH: Calgary Branch

FROM: The borrower corp.

1. DEFINITIONS

All capitalized terms used in this Agreement and in any schedules attached hereto shall, except where defined herein, be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of Alberta, as in force at the date of this Agreement, which Act including amendments thereto and any Act substituted therefor and amendments thereto is herein defined as the "PPSA".

2. SECURITY INTEREST AND CHARGE

- (a) As continuing security for the payment and performance of all debts, liabilities and obligations of the Debtor to KHCANADA howsoever arising (present and future, absolute and contingent, direct and indirect) (the "Indebtedness"), the Debtor hereby grants a mortgage, pledge, charge and security interest (which, in the case of any Collateral not subject to the PPSA, shall be a mortgage as and by way of a floating charge) to and in favour of KHCANADA in all property, assets and undertaking of the Debtor referred to in Schedule "A" (including any such property, assets and undertaking whether owned or leased by the Debtor) and in all Proceeds and renewals thereof, accessions thereto and substitutions therefor (hereinafter collectively called the "Collateral").
- (b) The mortgages, pledges, charges, security interests and floating charges (if applicable) granted hereunder are hereinafter collectively called the "Security Interests". The Debtor warrants and acknowledges to and in favour of KHCANADA that:
 - (i) the parties intend the Security Interest hereby constituted in any of the Debtor's existing property which is subject to the PPSA to attach upon execution and delivery hereof;
 - (ii) the parties intend the Security Interest created in any of the Debtor's after-acquired property which is subject to the PPSA to attach at the same time as it acquires rights in the after-acquired property; and
 - (iii) value has been given.
- (c) For greater certainty, where the Collateral includes all of the Debtor's present and after-

acquired personal property, and any of such Collateral is or becomes located on lands or premises leased or subleased by the Debtor, the Collateral includes the Debtor's interest as tenant or lessee under any and all of such leases and subleases of the lands or premises.

3. CONTINUOUS INTEREST

The Security Interest hereby created shall be a continuous charge notwithstanding the Indebtedness may be fluctuating and even may from time to time, and at any time, be reduced to a nil balance and notwithstanding monies advanced may be repaid and future advances made to or to the order of the Debtor or in respect of which the Debtor is liable. The Security Interest obtains priority for all advances and obligations secured hereby whether any such advances and obligations are made after the registration or creation of any Encumbrance (as hereinafter defined) and notwithstanding that at any time there may not be any Indebtedness then outstanding.

4. AUTHORIZED DEALING WITH COLLATERAL

Until Default, or until KHCANADA provides written notice to the contrary to the Debtor, the Debtor may deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions of this Agreement, provided that the Debtor may not, without the prior written consent of KHCANADA:

- (a) sell or dispose of any of the Collateral other than inventory being sold or disposed of for fair market value in the ordinary course of the Debtors business as it is presently conducted and for the purpose of carrying on that business, or
- (b) create or incur any security interest, mortgage, lien, claim, charge or other encumbrance upon any of the Collateral whether it would rank or purport to rank in priority to, equally with or behind the Security Interest granted under this Agreement, except operating leases incurred in the ordinary course of the Debtor's business.

Nothing in this Agreement or otherwise creates a postponement or subordination of any priority of KHCANADA in any of the Collateral in favour of any present or future holder of a security interest (including without limitation, a holder of a lease) in any of the Collateral.

If the Collateral comprises any Security, Chattel Paper, Instruments, Money or Documents of Title, the Debtor will, upon request, deliver the same to KHCANADA and will allow KHCANADA to retain possession of the same.

5. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor hereby represents and warrants to KHCANADA that:

- (a) the Collateral is owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called “Encumbrances”), save for those Encumbrances agreed to in writing between KHCANADA and the Debtor and those shown on Schedule “B” hereto;
- (b) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the “Account Debtor”) and the amount represented by the Debtor to KHCANADA from time to time as owing by each Account Debtor will be the correct amount actually and unconditionally owing from such Account Debtor;
- (c) the description of the Collateral in Schedule “A” hereto is complete and accurate and all serial numbers affixed to or ascribed to any of the Collateral have been provided to KHCANADA;
- (d) the Debtor has full power and authority to conduct its business and own its properties in all jurisdictions in which the Debtor carries on business, except to the extent any failure to do so would not reasonably be expected to have a material adverse effect on its business, operations or financial condition, and has full power and authority to execute, deliver and perform all of its obligations under; this Agreement;
- (e) this Agreement when duly executed and delivered by the Debtor will constitute a legal, valid and binding obligation of the Debtor, subject only that such enforcement may be limited by bankruptcy, insolvency and any other laws of general application affecting creditors' rights and by rules of equity governing enforceability by specific performance;
- (f) there is no provision in any agreement to which the Debtor is a party, nor to the knowledge of the Debtor is there any statute, rule or regulation, or any judgement, decree or order of any court, binding on the Debtor which would be contravened by the execution and delivery of this Agreement;
- (g) there is no litigation, proceeding or dispute pending, or to the knowledge of the Debtor threatened, against or affecting the Debtor or the Collateral, the adverse determination of which might materially and adversely affect the Debtor's financial condition or operations or impair the Debtor's ability to perform its obligations hereunder;
- (h) the names of the Debtor are accurately and fully set out below, and the Debtor is not nor has it been known by any other names;
- (i) the Collateral is located in the Province of Alberta unless otherwise indicated on Schedule “A” hereto. With respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule “A” are accurate and complete save for Goods in

transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

- (j) the Collateral, except as previously communicated to KHCANADA in writing, does not consist of Goods that are of a kind that are normally used in more than one jurisdiction; and
- (k) the Debtor's place of business, or if more than one place of business, the Debtor's chief executive office, is located in the Province of Alberta (unless otherwise advised to KHCANADA in writing).

6. COVENANTS OF THE DEBTOR

The Debtor hereby covenants with KHCANADA that:

- (a) the Debtor owns and will maintain the Collateral free of Encumbrances, except those agreed to in writing between KHCANADA and the Debtor and those described in Schedule "B" hereto, or hereafter approved in writing by KHCANADA prior to their creation or assumption and will defend title to the Collateral for the benefit of KHCANADA against the claims and demands of all persons;
- (b) the Debtor will maintain the Collateral in good condition and repair and will not allow the value of the Collateral to be materially impaired and will permit KHCANADA or such person as KHCANADA may from time to time appoint to enter into any premises during business hours (or at such other time as may be reasonably requested by KHCANADA or such person) where the Collateral may be kept to view its condition;
- (c) the Debtor will conduct its business in a proper and business-like manner and will keep proper books of account and records of its business, and upon request will furnish access to its books and records at all reasonable times, and will give to KHCANADA any information which it may reasonably require relating to the Debtor's business;
- (d) the Debtor will punctually pay all rents, taxes, rates and assessments lawfully assessed or imposed upon any property or income of the Debtor and will punctually pay all debts and obligations to labourers, workmen, employees, contractors, subcontractors, suppliers of materials and other debts which, when unpaid, might under the laws of Canada or any province of Canada have priority over the Security Interest granted by this Agreement;
- (e) the Debtor will punctually make all payments and perform all of its obligations arising in its capacity as tenant under any lease and in its capacity as mortgagor under any agreement charging property of the Debtor;

- (f) the Debtor will immediately give notice to AT13 of:
 - (i) any change in the location of the Collateral from that specified in Section 5(i) hereof;
 - (ii) the details of any material acquisition or disposition of Collateral (whether authorized by KHCANADA or not, and any material loss of or damage to Collateral);
 - (iii) the details of any claims or litigation affecting materially the Debtor or Collateral;
 - (iv) any change of its name; and
 - (v) any change of its place of business, or if it has more than one place of business, of its chief executive office;
- (g) the Debtor will insure and keep insured the Collateral (or, in the case of real property, the buildings located on and constituting a part of the Collateral) against loss or damage by fire or other insurable hazards to the extent of its full insurable value, and will maintain all such other insurance as KHCANADA may reasonably require. The loss under the policies of insurance will be made payable to KHCANADA as its interest may appear and will be written by an insurance company approved by KHCANADA on terms reasonably satisfactory to KHCANADA and the Debtor will provide KHCANADA with copies of the same. The Debtor will pay all premiums and other sums of money necessary for such purposes as they become due and deliver to KHCANADA proof of said payment, and will not allow anything to be done by which the policies may become vitiated. Upon the happening of any loss or damage the Debtor will furnish at its expense all necessary proofs and will do all necessary acts to enable KHCANADA to obtain payment of the insurance monies;
- (h) the Debtor will observe the requirements of any regulatory or governmental authority with respect to the Collateral, except to the extent any failure to do so would not reasonably be expected to have a material adverse effect on its business, operations or financial condition;
- (i) the Debtor will not remove any of the Collateral from Alberta (or such other jurisdiction or jurisdictions as the Debtor and KHCANADA may agree upon in writing) without prior written consent of KHCANADA;
- (j) KHCANADA may pay or satisfy any Encumbrance created in respect of any Collateral, or any sum necessary to be paid to clear title to such Collateral, and the Debtor agrees to

repay the same on demand, plus interest thereon at a rate equal to the highest rate of interest payable by the Debtor on any portion of the Indebtedness;

- (k) KHCANADA and Debtor may from time to time agree in writing as to affirmative covenants and restrictions to be performed and observed by the Debtor in respect of provision of financial information, payment of dividends, capital expenditures, incurring of additional obligations, reduction of capital, distribution of assets, amalgamation, repayment of loans, lending of money, sale and other disposition of assets and/or such other matters as KHCANADA and Debtor may think fit, and the Debtor agrees to perform and observe such affirmative and negative covenants and restrictions to the same extent and effect as if the same were fully set forth in this Agreement; and
- (l) the Debtor will not permit the Collateral constituting personal property to become affixed to real or other personal property (unless the Debtor owns such real or other personal property subject only to those Encumbrances agreed to in writing between KHCANADA and the Debtor and those shown in Schedule "B" hereto, and KHCANADA has a Security Interest therein having the same priority as in respect of the Collateral becoming so affixed) without the prior consent of KHCANADA in writing, and will obtain and deliver to KHCANADA such waivers regarding the Collateral as KHCANADA may reasonably request from any owner, landlord or mortgagee of the premises where Collateral is or may be located.

7. DEFAULT

The happening of any of the following shall constitute default (a "Default") under this Agreement:

- (a) the Debtor fails to pay, when due, the Indebtedness or any part thereof;
- (b) the Debtor fails, when due, to perform any obligation (other than payment of the Indebtedness or any part thereof) to KHCANADA, and such failure is not cured within 5 days of the date the Debtor first knew or should have known of such failure;
- (c) the Debtor fails when due to perform any obligation to any other person, and such failure is not cured within 7 days of the date the Debtor first knew or should have known of such failure;
- (d) any representation or warranty made in this Agreement or any other document or report furnished to KHCANADA in respect of the Debtor or the Collateral proves to have been or to have become false or misleading in a material respect;
- (e) the Debtor ceases or demonstrates an intention to cease to carry on business or disposes or purports to dispose of all or a substantial part of its assets;

- (f) any of the licenses, permits or approvals granted by any government or any government authority and material to the business of the Debtor is withdrawn, cancelled or significantly altered;
- (g) an order is made or a resolution passed for winding up the Debtor, or a petition is filed for the winding up, dissolution, liquidation or amalgamation of the Debtor;
- (h) the Debtor becomes insolvent or makes an assignment or proposal for the benefit of its creditors, or a bankruptcy petition or receiving order is filed or made against the Debtor, or a Receiver of the Debtor or any part of its property is appointed, or the Debtor commits or demonstrates an intention to commit any act of bankruptcy, or the Debtor otherwise becomes subject to the provisions of the Bankruptcy and Insolvency Act or any other act for the benefit of its creditors;
- (i) any execution, sequestration, extent or distress or any other like process is levied or enforced against any property of the Debtor, or a Secured Party takes possession of any of the Debtor's property;
- (j) any material adverse change occurs in the financial position of the Debtor; and
- (k) KHCANADA considers that it is insecure, or that the prospect of payment or performance by the Debtor of the Indebtedness is or is about to be impaired, or that the Collateral is or is about to be placed in jeopardy.

8. REMEDIES

On Default:

- (a) KHCANADA may seize or otherwise take possession of the Collateral or any part thereof and sell the same by public or private sale at such price and upon such terms as KHCANADA in its sole discretion may determine and the proceeds of such sale less all costs and expenses of KHCANADA (including costs as between a solicitor and its own client on a full indemnity basis) shall be applied on the Indebtedness and the surplus, if any, shall be disposed of according to law;
- (b) KHCANADA has the right to enforce this Agreement by any method provided for in this Agreement or otherwise as permitted by law, and to dispose of the Collateral by any method permitted by law, including disposal by lease or deferred payment;
- (c) KHCANADA may apply to court for the appointment of a Receiver, or may appoint by instrument any person or persons, to be a Receiver of any Collateral, and may remove any person so appointed and appoint another in his stead. The term "Receiver" as used in this Agreement includes a Receiver-Manager;
- (d) any Receiver will have the power:
 - (i) to take possession of any Collateral and for that purpose to take any proceedings, in the name of the Debtor or otherwise;

- (ii) to carry on or concur in carrying on the business of the Debtor;
 - (iii) to sell or lease any Collateral;
 - (iv) to make any arrangement or compromise which he may think expedient in the interest of KHCANADA;
 - (v) to pay all liabilities and expenses connected with the Collateral, including the cost of insurance and
 - (vi) payment of taxes or other charges incurred in obtaining, maintaining possession of and preserving the Collateral, and the same shall be added to the Indebtedness and secured by the Collateral;
 - (vii) to hold as additional security any increase or profits resulting from the Collateral; to exercise all rights that KHCANADA has under this Agreement or otherwise at law;
 - (viii) with the consent of KHCANADA in writing, to borrow money for the purpose of carrying on the business of the Debtor or for the maintenance of the Collateral or any part thereof or for other purposes approved by KHCANADA, and any amount so borrowed together with interest thereon shall form a charge upon the Collateral in priority to the Security Interest created by this Agreement; and
 - (ix) to enter into and to occupy any premises in which the Debtor has any interest;
- (e) the Debtor hereby appoints each Receiver appointed by KHCANADA to be its attorney to effect sale or lease of any Collateral and any deed, lease, agreement or other document signed by a Receiver under his seal pursuant hereto will have the same effect as if it were under the seal of the Debtor;
 - (f) any Receiver will be deemed to be the agent of the Debtor, and the Debtor will be solely responsible for his acts or defaults and for his remuneration and expenses, and KHCANADA will not be in any way responsible for any misconduct or negligence on the part of any Receiver;
 - (g) neither KHCANADA nor any civil enforcement agent, sheriff, Receiver or person having similar responsibilities will be required to take any steps to preserve any rights against other parties pursuant to any Chattel Paper, Security or Instrument constituting the Collateral or any part of it. Furthermore, KHCANADA shall have no obligation to take any steps to preserve prior encumbrances on any Collateral whether or not in KHCANADA's possession and shall not be liable or accountable for failure to do so;
 - (h) neither KHCANADA nor any civil enforcement agent, sheriff, Receiver or person having similar responsibilities is required to keep Collateral identifiable; and
 - (i) KHCANADA may use the Collateral in any manner as it in its sole discretion deems advisable.

9. COLLECTION OF DEBTS

Before or after Default, KHCANADA may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to KHCANADA. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from Account Debtors after Default under this Agreement and whether before or after notification of this Security Interest to Account Debtors shall be received and held by the Debtor in trust for KHCANADA and shall be turned over to KHCANADA on request. The Debtor shall furnish KHCANADA with all information which may assist in the collection of all Accounts and any other monies or debts due to the Debtor.

10. SECURITIES

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

11. COLLATERAL IN POSSESSION OF KHCANADA

Collateral held in possession of KHCANADA pursuant to this Agreement is in this clause referred to as "Retained Collateral". The Debtor agrees with KHCANADA that:

- (a) KHCANADA's responsibility with regard to the Retained Collateral shall be limited to exercising the same degree of care which it gives to similar property held by KHCANADA at the branch where the Retained Collateral is held. KHCANADA shall not in any event be obligated to protect the Retained Collateral from depreciating or becoming worthless, or to present, protest, collect, enforce or realize on any of the Retained Collateral;
- (b) KHCANADA shall not be obliged to collect or see to the payment of revenues, incomes, interest or dividends upon any of the Retained Collateral, but all such revenues, incomes, interest or dividends, if any, when received by the Debtor, shall immediately be paid to KHCANADA. KHCANADA, in its sole discretion, may hold such monies as Collateral or appropriate it to any portion of the Indebtedness;

- (c) the Debtor irrevocably appoints KHCANADA as its attorney and agent, with full powers of substitution, to sell, transfer, surrender, redeem, endorse or otherwise deal with any of the Retained Collateral as KHCANADA, in its sole discretion, may see fit; and
- (d) KHCANADA shall have all rights and powers, but shall not be required to exercise any right or benefit which the holder or owner of the Retained Collateral may at any time have in connection with the Retained Collateral.

12. ACCELERATION

In the event of Default, KHCANADA, in its sole discretion, may without demand or notice of any kind, declare all or any of the Indebtedness which is not by its terms payable on demand, to be immediately due and payable.

13. NOTICE

Any notice or demand required or permitted to be made or given by KHCANADA to the Debtor may be validly served by leaving the same or by mailing the same prepaid registered mail addressed to the Debtor at the last known address of the Debtor or of any officer or director thereof, as shown on the records of KHCANADA, and in the case of mailing, such notice or demand shall be deemed to have been received by the Debtor on the third business day following the date of mailing.

14. COSTS AND EXPENSES

The Debtor agrees to pay all costs, charges and expenses reasonably incurred by KHCANADA or any Receiver appointed by it (including without restricting the generality of the foregoing, legal costs as between a solicitor and his own client on a full indemnity basis and also an allowance for the time, work and expenses of KHCANADA or of any agent, solicitor, or servant of KHCANADA for any purpose herein provided at such rates as KHCANADA may establish in its sole discretion from time to time), in preparing, registering or enforcing this Agreement, taking custody of, preserving, maintaining, repairing, processing, preparing for disposing of Collateral and in enforcing or collecting the Indebtedness and all such costs, disposition and charges and expenses shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

15. REAL PROPERTY (ONLY APPLICABLE IF OPTION (b) IN SCHEDULE A HAS BEEN SELECTED OR DEEMED TO HAVE BEEN SELECTED)

- (a) For all purposes, including without limitation any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any real property, the floating charge created by this Agreement shall be crystallized and become a fixed charge

upon the earliest of

- (i) any one of the events described in Section 7 hereof occurring;
 - (ii) a declaration by KHCANADA pursuant to Section 12; or
 - (iii) KHCANADA taking any action pursuant to Section 8 hereof to appoint a Receiver or to enforce its Security Interest or to realize upon all or any part of the Collateral.
- (b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Agreement.
 - (c) Nothing contained in this Section 15 or otherwise shall affect KHCANADA's ability to register this Agreement or a caveat or other instrument in respect thereof at any real property registry or office prior to crystallization.

16. MISCELLANEOUS

- (a) Without limiting any other right of KHCANADA, whenever the debts and liabilities of the Debtor to KHCANADA are immediately due and payable, or KHCANADA has the right to declare the debts and liabilities to be immediately due and payable, whether or not it has so declared, KHCANADA may, in its sole discretion, set-off against the debts and liabilities any and all monies then owed to the Debtor by KHCANADA in any capacity, whether due or not due, and KHCANADA shall be deemed to have exercised such right of set-off immediately at the time of making its decision to do so even though any charge therefor is made or entered on KHCANADA's records subsequent thereto.
- (b) KHCANADA may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, sureties and others and with Collateral and other security as KHCANADA; may see fit without prejudice to the liability of the Debtor or KHCANADA's right to hold and realize the Security Interest. KHCANADA may demand, collect and sue on Collateral in either the Debtor's or KHCANADA's name, at KHCANADA's option, and may endorse the Debtor's name on any and all cheques, commercial paper and any other instruments pertaining to or constituting Collateral.
- (c) Upon the Debtor's failure to perform any of its duties under this Agreement, KHCANADA may, but shall not be obligated to, perform any such duties, and the Debtor will pay to KHCANADA, upon demand, an amount equal to the expense incurred by KHCANADA in so doing with interest thereon from the date such expense is incurred at a rate equal to the highest rate of interest payable by the Debtor on any portion of the Indebtedness.

- (d) This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Agreement or the Security Interest created hereunder or any part thereof, the Debtor shall not assert against the assignee any claim or defense which the Debtor now has or hereafter may have against KHCANADA.
- (e) If more than one person executes this Agreement as the Debtor:
 - (i) the obligations of such persons hereunder shall be joint and several;
 - (ii) the Security Interests shall secure the Indebtedness of each Debtor, whether or not any other Debtor or any other person is also liable therefor; and
 - (iii) the Collateral shall include any interest of any Debtor in the property, assets and undertaking constituting Collateral owned or otherwise held by such Debtor, whether or not any other Debtor also has an interest therein.
- (f) This agreement is in addition to and not in substitution for any other security or securities now or hereafter held by KHCANADA and all such other securities shall remain in full force and effect.
- (g) The Debtor further agrees to execute and deliver to KHCANADA such further assurances and conveyances and supplemental deeds as may be necessary to properly carry out the intention of this Agreement, as determined by KHCANADA, or as may be required by KHCANADA from time to time, in each case acting reasonably.
- (h) After Default, KHCANADA may from time to time apply and re-apply, notwithstanding any previous application, in any such manner as it, in its sole discretion, sees fit, any monies received by it from the Debtor or as a result of any enforcement or recovery proceedings, in or toward payment of any portion of the Indebtedness.
- (i) In the event that the Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Agreement or any agreement or instrument renewing or extending or collateral to this Agreement. In the event that the Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, the Debtor agrees with KHCANADA that all of Part IV (other than Section 46) of that Act shall not apply to the Debtor.
- (j) In the event that the Debtor is a body corporate, the Debtor further agrees that The Land Contracts (Actions) Act of the Province of Saskatchewan shall have no application to an action, as defined in that Act, with respect to this Agreement.
- (k) For the purpose of assisting KHCANADA in assessing the creditworthiness of the Debtor

or the ownership or description of any of the Collateral, and for the purpose of collecting all or any portion of the Indebtedness owing by the Debtor to KHCANADA, the Debtor consents to the disclosure and release to KHCANADA of personal information, including without limitation, motor vehicle information from Alberta Registries (or any other provincial government department having jurisdiction in that area). This consent is effective from the effective date of this Agreement and shall remain in effect until all indebtedness; liabilities and other obligations of the Debtor to KHCANADA are fully satisfied.

17. INTERPRETATION

- (a) If a portion of this Agreement is wholly or partially invalid, then this Agreement will be interpreted as if the invalid portion had not been a part of it.
- (b) Where the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary depending upon the person referred to being male, female or body corporate.
- (c) The last day of any term reserved by any lease or agreement to lease is excepted out of the Security Interest hereby created and does not form part of the Collateral, but the Debtor shall stand possessed of such last day in trust to assign same to any person acquiring such term.
- (d) This Agreement will be interpreted in accordance with the laws of the Province of Alberta, and the Debtor irrevocably agrees that any suit or proceeding with respect to any matters arising out of or in connection with this Agreement may be brought in the courts of the Province of Alberta or in any court of competent jurisdiction, as KHCANADA may elect, and the Debtor agrees to attorn to the same.

18. COPY OF AGREEMENT

The Debtor hereby acknowledges receipt of a copy of this Agreement, and waives any right it may have to receive a Financing Statement, Financing Change Statement or Verification Statement relating to it.

WITNESS WHEREOF the Debtor has executed this Agreement this _____ day of _____, 2008.

Debtor:

WITNESS:

Name:

Title:

SCHEDULE A

Description of Collateral:

Select and Circle appropriate Number or Numbers. **If no box is selected, the Debtor shall not be deemed to have selected box**

1. All of the Debtor's present and after-acquired personal property.
2. All of the Debtor's present and after-acquired property, assets and undertaking, including without limitation all present and after-acquired personal property, and all present and after-acquired real, immovable and leasehold property.
3. All of the Debtor's present and after-acquired personal property except:
4. All equipment of whatever kind and wherever situated including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatever nature.
5. All accounts, instruments, debts and chattel paper which are now due, owing or accruing due, or which may hereafter become due, owing or accruing due, to the Debtor, together with all records (whether in writing or not) and other documents of any kind which in any way evidence or relate to any or all of the accounts, instruments, debts or chattel paper.
6. All of the Debtor's present and after-acquired inventory, wherever located.
7. The following described personal property:
 - (a) All harvested and unharvested crops whether growing or matured, and whether grain, roots, seeds, leaves or otherwise howsoever, and any interest of the Debtor therein, wherever located.
 - (b) All male or female, born or unborn, branded or unbranded, of whatever age or stage of growth, wherever located.
 - (c) All of the Debtor's present and after-acquired inventory, wherever located.
 - (d) All male and female, of whatever age or stage of growth, whenever located.

Listing of Serial Numbers:

The registration mark (for aircraft only) and the serial numbers of any motor vehicles, trailers, mobile homes, manufactured homes, boats, outboard motors for boats, or aircraft (other than those held as inventory for sale or lease by the Debtor) constituting Collateral are as follows:

<u>Make</u>	<u>Model</u>	<u>Year of Manufacture</u>	<u>Serial Number (and Registration Mark for aircraft only)</u>
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Locations of Collateral (Only complete if Collateral is located outside the Province of Alberta.) The Collateral is located at the following location(s):

SCHEDULE B
PERMITTED ENCUMBRANCES