

COURT FILE
NUMBER

QB 915 of 2019

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE RECEIVERSHIP OF BECKERLAND FARMS INC.

AFFIDAVIT OF JENNIFER KOH

I, Jennifer Koh, of the City of Vancouver, in the Province of British Columbia, MAKE OATH AND SAY (or AFFIRM):

1. I am a Business Specialist, Special Accounts employed by the Applicant, Business Development Bank of Canada ("BDC"), in Vancouver, British Columbia, and in this capacity I have access to BDC's records, reports, and correspondence in connection with its lending relationship with the Respondent, Beckerland Farms Inc. ("Beckerland"), and as such I have personal knowledge of the matters and facts herein deposed, except where otherwise stated and where so stated I verily believe the same to be true.

I. LENDING HISTORY AND BACKGROUND

2. Beckerland is a Saskatchewan corporation engaged in the business of grain drying and grain storage with a registered office in Yorkton, Saskatchewan. Mr. Tyson Becker is listed as the sole shareholder and director of Beckerland. Attached hereto and marked as Exhibit "A" is a copy of the Saskatchewan Corporate Profile Report for Beckerland.

3. Beckerland is the registered owner of two parcels of land from which it operates its business: the first is located in the vicinity of the Town of Canora, Saskatchewan, and the second is located near Wroxton, Saskatchewan in the RM of Calder. The respective legal descriptions for the Canora and Wroxton lands are as follows:

Surface Parcel # 203043114
BLK/PAR A Plan No 102173701 Extension 0 (the "**Canora Lands**")

and

Surface Parcel # 141199296
NE 29-26-31 W1, Extension 0 (the "**Wroxton Lands**")

Attached hereto and marked as Exhibit "**B**" are copies of the Saskatchewan Land Titles searches for both the Canora Lands and Wroxton Lands as of June 18, 2019.

4. Pursuant to a Commitment Letter dated July 25, 2014 (the "**Commitment Letter**"), BDC advanced Beckerland \$4,740,000.00 under Loan No. 079659-02 (the "**Loan**"). There was an additional \$75,000.00 advanced under Loan No. 079659-03; however, that loan was retired by Beckerland on April 13, 2018, using proceeds derived from the sale of certain equipment. The interest on the Loan accrues at the rate of BDC's floating base rate plus 1.5% per annum. Attached hereto and marked as Exhibit "**C**" is a copy of the Commitment Letter.

5. The Loan is secured by the following:

- (a) a general security agreement dated August 15, 2014, granting BDC a security interest in all of Beckerland's present and after acquired property (the "**GSA**");
- (b) a \$3,300,000.00 collateral mortgage dated August 15, 2014, granting BDC security over the Wroxton Lands (the "**Wroxton Mortgage**");
- (c) a \$3,600,000.00 collateral mortgage dated August 15, 2014, granting BDC security over the Canora Lands (the "**Canora Mortgage**");
- (d) two general assignments of rents dated August 15, 2014, entitling BDC to any rents payable under any leases in respect of the Wroxton Lands and the Canora Lands (the "**Assignments of Rents**"); and

- (e) a postponement of claim dated August 15, 2014, granting BDC priority over Flaman Sales Ltd. in respect of Beckerland's pre-existing obligations and security granted to that entity (the "**Postponement**").

(collectively, the "**Security**")

Attached hereto and marked as Exhibit "**D**" are copies of the Security.

6. The GSA, Canora Mortgage, and Wroxton Mortgage all specify that BDC is immediately entitled to appoint a receiver in the event of a default of the relevant provisions of those portions of the Security.

7. In addition to the Security pledged by Beckerland, on or about August 15, 2014, Tyland Management Group Inc. ("**Tyland**") and Mr. Becker (collectively, the "**Guarantors**") agreed to jointly and severally guarantee Beckerland's obligation to repay the Loan, the particulars of which are as follows:

- (a) Mr. Becker unconditionally guaranteed Beckerland's obligations to BDC up to a principal limit of \$500,000.00;
- (b) Tyland unconditionally guaranteed Beckerland's full indebtedness to BDC;

(collectively, the "**Guarantees**")

Attached hereto and marked as Exhibit "**E**" are copies of the Guarantees.

8. The Loan Agreement was subsequently amended by the parties pursuant to a Commitment Letter dated January 27, 2015 (the "**Amendment**"). The primary reason for the Amendment was to alter certain security pledged by Beckerland and the guarantors. The Amendment did not, however, change the principal amount of the Loan or the interest rate. Attached hereto and marked as Exhibit "**F**" is a copy of the Amendment. The Commitment Letter and Amendment are referred to collectively as the "**Loan Agreement**."

9. A search of the Saskatchewan Personal Property Registry (the "PPR") on June 18, 2019 shows that the following creditors have registered financing statements against the personal property of Beckerland:

- (a) BDC;
- (b) Calidon Financial Services Inc.;
- (c) EMW Industrial Ltd.; and
- (d) Dave's Diesel Ltd;

Attached hereto and marked as Exhibit "G" is a copy of the Saskatchewan PPR search conducted on June 18, 2019.

10. A search of the Saskatchewan Land Titles Registry for the Canora Lands reflects that the following persons have one or more registered interests, other than easements or restrictive covenants, against the Canora Lands:

- (a) BDC;
- (b) Flaman Sales Ltd.;
- (c) EMW Industrial Ltd.; and
- (d) Town of Canora.

11. A search of the Saskatchewan Land Titles Registry for the Wroxton Lands reflects that BDC is the sole registered interest, other than easements and restrictive covenants, against the Wroxton Lands.

II. EVENT OF DEFAULT AND DEMAND

12. Beckerland's lending file was transferred to BDC's Special Accounts in May of 2015. From 2015 to 2016, BDC Special Accounts attempted to work with Beckerland to restructure its financial affairs.

13. By April of 2016, however, Beckerland had defaulted on its obligations pursuant to the Loan Agreement. On or about April 14, 2016, BDC demanded the repayment of the indebtedness owing under the Loan from Beckerland and the Guarantors (the “**Demand Letters**”). Attached hereto and marked as Exhibit “H” is a copy of the Demand Letters.

14. BDC served the following statutory notices on Beckerland’s registered corporate office on or about June 17, 2016:

(a) Notice of Intention to Enforce Security pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3;

(b) Notice of Intent to Realize on Security pursuant to Section 21 of the *Farm Debt Mediation Act*, SC 1997, c. 21;

(c) Notice of Intention to Apply for an Order that Section 9(1)(d) of *The Saskatchewan Farm Security Act*, SS 1988-89, C S-17.1 (the “**SFSA**”) does not apply to the Canora Mortgage; and

(d) Notice of Intention to Apply for an Order that Section 9(1)(d) of the SFSA does not apply to the Wroxton Mortgage.

(collectively, the “**Statutory Notices**”)

Attached hereto and marked collectively as Exhibit “I” are copies of the Statutory Notices, with proof of service.

III. FORBEARANCE

15. On or about September 1, 2016, BDC entered into a forbearance agreement (the “**Forbearance Agreement**”) with Beckerland and the Guarantors whereby BDC agreed to refrain from pursuing an action or enforcing its Security against Beckerland and the Guarantors on certain terms and conditions, which included the following:

- (a) Section 2.2: Beckerland and the Guarantors acknowledged the accuracy of the quantum of the indebtedness owing to BDC (the “**Indebtedness**”), and that the Loan Agreement and Security are valid and enforceable in accordance with their respective terms;
- (b) Section 2.3: Beckerland and the Guarantors acknowledged that they were served with the Demand Letter and Statutory Notices, and that the Demand Letter and Statutory Notices were valid;
- (c) Section 4.1(c): Beckerland and the Guarantors agreed not to assert any defences with respect to the Indebtedness;
- (d) Section 5.1: Beckerland agreed to voluntarily deliver and execute a consent receivership order upon the termination of the Forbearance Agreement if Beckerland and/or the Guarantors are in default of the terms of the Forbearance Agreement; and
- (e) Section 10.3(b): Beckerland and the Guarantors agreed that, if all or any portion of the Indebtedness remained outstanding after the term of the Forbearance Agreement expired, then Beckerland and the Guarantors would consent to BDC enforcing its rights under the Forbearance Agreement, the Loan Agreement, the Guarantees, and the Security against Beckerland and the Guarantors, jointly and severally. This included the consent to appoint a receiver.

Attached hereto and attached as Exhibit “J” is a copy of the Forbearance Agreement.

16. The Forbearance Agreement was amended twice by the parties: the first amendment was executed on or about March 1, 2017, and the second amendment was executed on or about September 1, 2017 (the “**Second Forbearance Amendment**”) (collectively, the “**Forbearance Amendments**”) each of which extended the initial term of the Forbearance Agreement.

Attached hereto and attached collectively as Exhibit “K” are copies of the Forbearance Amendments.

17. The Second Amendment expired on May 31, 2018. BDC offered to renew the Forbearance Agreement a third time; however, Beckerland declined.

18. Beckerland and BDC participated in the SFSA mediation process on or around September 11, 2018. The parties were unable to agree on a resolution with respect to the repayment of the Loan. BDC therefore had no option but to formally terminate the mediation process on October 11, 2018.

IV. COURT APPLICATIONS

i) Judgment

19. Pursuant to section 11 of the Second Forbearance Amendment, BDC was permitted to issue a Statement of Claim with respect to the Indebtedness owing by Beckerland and the Guarantors (the “**Claim**”). The Claim was issued on April 12, 2018.

20. On or around May 31, 2018, Beckerland and the Guarantors filed a Statement of Defence (the “**Defence**”) in contravention of the terms of the Forbearance Agreement and Second Forbearance Amendment, forcing BDC to bring a Notice of Application to strike the same. The application was heard before the Honourable Justice D.J. Brown on September 17, 2018. Attached hereto and marked as Exhibit “L” are copies of the Claim and Defence.

21. Mr. Wayne Rusnak, Q.C., counsel for Beckerland and the Guarantors, ultimately executed a consent judgment on behalf of his clients on or about June 14, 2018. In the result, the Honourable Justice Brown struck the Defence and granted the draft consent order filed by the parties (the “**Consent Judgment**”). Attached hereto and marked as Exhibit “M” is a copy of the Consent Judgment, granted by the Honourable Justice D. J Brown on September 17, 2018.

ii) The Personal Property Application

22. On or about June 29, 2018, BDC served Beckerland with a Notice to Take Possession

pursuant to section 48 of the SFSA (the “**Section 48 Notice**”). Attached hereto and marked as Exhibit “N” is a copy of the Section 48 Notice.

23. In or about October of 2018, BDC retained a bailiff, John Gabrysh of JAG Investigations & Bailiff Services Ltd., to seize the personal property of Beckerland. On or about November 2, 2018, Mr. Rusnak, Q.C. served McDougall Gauley LLP (“MG”), legal counsel for BDC, with an Application for Hearing After Notice of Possession pursuant to section 58 of the SFSA (the “**Section 58 Application**”). Attached hereto and marked as Exhibit “O” is a copy of the Section 58 Application.

24. The Section 58 Application was heard before the Honourable Justice Megaw in chambers on December 10, 2019. On December 17, 2019, Justice Megaw granted judgment in favour of BDC, permitting BDC to proceed with the seizure of the Beckerland personal property (the “**Section 58 Judgment**”). Attached hereto and marked as Exhibit “P” is a copy of the Section 58 Judgment.

25. After receiving the Section 58 Judgment, Mr. Gabrysh was instructed to proceed with the seizure of the Beckerland personal property. Mr. Gabrysh subsequently advised that he was unable to locate most of the personal property, the details of which are discussed in the accompanying Affidavit of John Gabrysh, sworn June 27, 2019.

iii) Land Application

26. On or about March 27, 2019, BDC served Beckerland with an Originating Application for an order that section 9(1)(d) of the SFSA did not apply to the Canora Mortgage and the Wroxton Mortgage (the “**Land Application**”).

27. The Land Application was heard on April 29, 2019; however, it was adjourned by the presiding Justice at the request of counsel for Beckerland. Regrettably, due to a judicial conflict of interest, the matter could not be heard again in the Judicial Centre of Yorkton until June 10, 2019. On June 10, 2019, the Land Application was heard before the Honourable Justice Brown

and an Order that section 9(1)(d) of the SFSA does not apply to the Canora Mortgage and Wroxton Mortgage was granted (the "**Land Order**"). Attached hereto and marked as Exhibit "Q" is a copy of the Land Order. MG has advised me that Mr. Rusnak, Q.C. did not file any written material or make any submissions in opposition to the Land Application.

V. PARTICULARS OF INDEBTEDNESS

28. The last payment that BDC received from Beckerland on account of the Loan was in the amount of \$24,939.87, which said amount was received on January 11, 2016.

29. As of June 20, 2019, Beckerland's Indebtedness under the Loan is as follows:

Arrears of Principal	\$4,740,000.00
Arrears of Interest	\$877,016.20
Total Outstanding	\$5,617,016.20

Interest on the Total Outstanding amount continues to accrue at a rate of 7.55% per annum which equates to \$1,181.44 per day.

VI. APPRAISALS

30. In 2019, BDC engaged two appraisal companies for the purpose of assessing the approximate value of Beckerland's real and personal property.

31. The first appraisal was conducted by Bruce Schapansky Auctioneers Inc. in relation to the Beckerland personal property (the "**Personal Property Appraisal**"). The Personal Property Appraisal suggested that the estimated value of the personal property located on the Wroxton Lands is between \$772,600.00 and \$1,275,900.00 and that the property located on the Canora Lands is between \$133,000.00 and \$493,000.00. In the Personal Property Appraisal, Mr. Bruce Schapansky notes that the majority of the personal property on the Canora and Wroxton Lands is comprised of grain bins, and that, in his opinion, selling the bins along with the land will likely yield a higher return. Attached hereto and marked as Exhibit "R" is a copy of the Personal Property Appraisal.

32. BDC engaged Brundson Lawrek & Associates to provide an appraisal for the Canora Lands and the Wroxton Lands (the “**Land Appraisals**”). The Appraisals suggest that the Canora Lands have an estimated market value of \$567,000.00, while the Wroxton Lands have an estimated market value of \$801,000.00. The Land Appraisals took into account certain personal property that was affixed to the respective lands, including grain bins and storage facilities. Attached hereto and marked as Exhibit “S” is a copy of the Land Appraisals.

33. Beckerland’s Indebtedness to BDC greatly exceeds the collective values disclosed in the Personal Property Appraisal and the Land Appraisals, such that Beckerland does not appear to have any equity in its personal or real property.

34. Furthermore, I have been advised by Mr. Gabrysh that certain assets of Beckerland’s cannot be located or traced, particulars of which are addresses in more depth in the Affidavit of John Gabrysh sworn June 27, 2019.

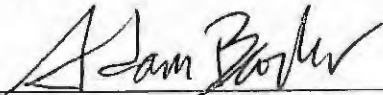
VII. RELIEF SOUGHT

35. In light of the significant amount of time that has passed since Beckerland defaulted on its Loan obligations in 2016, the lack of equity in the property, and the uncertainty regarding the location of certain assets formerly in Beckerland’s possession (as described in greater detail in the accompanying Affidavit of Gabrysh), BDC respectfully requests that this Honourable Court appoint a receiver to investigate, itemize, market, and sell the Beckerland Property.

36. MNP Ltd. is a licensed insolvency trustee and has consented to being appointed as receiver of the property of Beckerland.

37. I swear this affidavit in support of the application by BDC for an Order of this Honourable Court appointing MNP Ltd. as receiver, without security, of all of Beckerland’s assets, undertakings, and properties.

SWORN BEFORE ME at the City of)
Vancouver, in the Province of)
British Columbia, this 27 day of)
June, 2019.)


_____)

A COMMISSIONER FOR OATHS in and for)
the Province of British Columbia)
My Commission expires: N/A)
OR Being a Solicitor)



JENNIFER KOH

CONTACT INFORMATION AND ADDRESS FOR SERVICE:

Name of firm: McDougall Gauley LLP
Name of lawyer in charge of file: Ian A. Sutherland
Address of legal firm: 500-616 Main Street
Saskatoon, SK S7H 0J6
Telephone / Fax number: (306) 665-5417 / (306) 652-1323
Email address: isutherland@mcdougallgauley.com



Information
Services
Corporation

THIS IS EXHIBIT "A" REFERRED TO
IN THE AFFIDAVIT OF JENNIFER KOH
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA
THIS 27 DAY OF June, 2019.

Adam Becker

A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
My appointment expires
N/A
OR being a solicitor.

Saskatchewan
Corporate Registry

Profile Report

Page 1 of 3

Report Date: 18-Jun-2019

Entity Number: 101128961
Entity Name: BECKERLAND FARMS INC.

Entity Details

Entity Type	Business Corporation
Entity Subtype	Saskatchewan Corporation
Entity Status	Active
Incorporation Date	02-Sep-2008
Annual Return Due Date	31-Oct-2019
Nature of Business	HOLDING COMPANY

Registered Office/Mailing Address

Physical Address 7 BROADWAY STREET E, P O BOX 1148, YORKTON, Saskatchewan, Canada, S3N2X3

Mailing Address BECKERLAND FARMS INC., 7 BROADWAY STREET E., P O BOX 1148, YORKTON,
Saskatchewan, Canada, S3N2X3

Directors/Officers

TYSON BECKER (Officer)

Physical Address: SE 32-26-31W1, BOX 1167,
YORKTON, Saskatchewan,
Canada, S3N2X3

Mailing Address: SE 32-26-31W1, BOX 1167, Office Held: PRESIDENT/SECRETARY
YORKTON, Saskatchewan,
Canada, S3N2X3

Effective Date: 09-Dec-2008

TYSON BECKER (Director)

Physical Address: SE 32-26-31W1, BOX 1167, Resident Canadian: Yes
YORKTON, Saskatchewan,
Canada, S3N2X3

Mailing Address: SE 32-26-31W1, BOX 1167,
YORKTON, Saskatchewan,
Canada, S3N2X3

Effective Date: 03-Sep-2008

Shareholders

Shareholder Name	Mailing Address	Share Class	Shares Held
TYSON BECKER	SE 32-26-31W1, BOX 1167, YORKTON, SK, CANADA, S3N2X3	A	200



Profile Report

Entity Number: 101128961

Page 2 of 3

Entity Name: BECKERLAND FARMS INC.

Report Date: 18-Jun-2019

Articles

Minimum Number of Directors: 1 Maximum Number of Directors: 10

Share Structure:

Class Name	Voting Rights	Authorized Number	Number Issued
A	Yes	Unlimited	200
B	No	Unlimited	
C	Yes	Unlimited	
D	No	Unlimited	
E	Yes	Unlimited	
F	No	Unlimited	
G	No	Unlimited	
H	No	Unlimited	
I	No	Unlimited	
J	No	Unlimited	

Previous Entity Names

Type	Name	Effective Until
Registered Name	101128961 SASKATCHEWAN LTD.	09-Apr-2012

Event History

Type	Date
Business Corporation - Annual Return	01-Nov-2018
Business Corporation - Annual Return	30-Oct-2017
Business Corporation - Annual Return	28-Oct-2016
Business Corporation - Annual Return	29-Oct-2015
Business Corporation - Annual Return	28-Oct-2014
Business Corporation - Annual Return	29-Oct-2013
Business Corporation - Annual Return	31-Oct-2012
Notice of Shareholders	31-Oct-2012
Notice of Change of Registered Office/Mailing Address	09-Apr-2012
Business Corporation - Amend Articles	09-Apr-2012
Business Corporation - Annual Return	24-Oct-2011
Business Corporation - Annual Return	21-Oct-2010



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Saskatchewan Corporate Registry

Profile Report

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Report Date: 18-Jun-2019

Entity Number: 101128961

Entity Name: BECKERLAND FARMS INC.

Business Corporation - Annual Return

24-Sep-2009

Notice of Change of Directors/Officers

20-Jan-2009

Notice of Shareholders

09-Dec-2008

Notice of Change of Directors/Officers

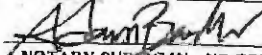
09-Dec-2008

Business Corporation - Incorporation

02-Sep-2008

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF JENNIFER KOH SWORN BEFORE ME AT THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA THIS 27 DAY OF June, 2019.

Province of Saskatchewan Land Titles Registry Title


A NOTARY PUBLIC IN AND FOR THE PROVINCE OF BRITISH COLUMBIA
My appointment expires N/A
OR being a solicitor.

Title #: 145873457
Title Status: Active - Locked
Parcel Type: Surface
Parcel Value: \$62,700.00 CAD
Title Value: \$62,700.00 CAD
As of: 18 Jun 2019 11:48:58
Last Amendment Date: 03 Dec 2018 13:43:51.973
Issued: 28 Oct 2014 09:36:59.507
Municipality: TOWN OF CANORA
Converted Title: 66Y10370 / 70Y03981 / 80Y04330 / 80Y04331 / 80Y04337 / 80Y04338 / 80Y04339 / 80Y04340 / 80Y04341 / 80Y04342 / 80Y04342CNV / 80Y04343 / 80Y04344 / 80Y04346 / 80Y04347 / 80Y04348 / 80Y04365 / ...
Previous Title and/or Abstract #: 145755298

BECKERLAND FARMS INC. is the registered owner of Surface Parcel #203043114

Reference Land Description: Blk/Par A Plan No 102173701 Extension 0

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
169111166

Power Corporation Act Easement (s.23)

Value: N/A
Reg'd: 12 Sep 2014 14:49:51
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
SASKATCHEWAN POWER CORPORATION
2025 VICTORIA AVE
REGINA, SK, Canada S4P 0S1
Client #: 100307618

Int. Register #: 120324204

Interest #:
169111177

Planning and Development Act, 2007-Dedication Deferral (Section 190)

Value: N/A
Reg'd: 15 Oct 2014 10:01:38
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
Her Majesty the Queen in Right of Saskatchewan
Ministry of Municipal Affairs - Community Planning Branch 420 - 1855 Victoria Avenue
Regina, Saskatchewan, Canada S4P 3T2
Client #: 103093017

Int. Register #: 120396281

Interest #:

169111896

Mortgage

Value: \$3,600,000.00 CAD
Reg'd: 28 Oct 2014 09:37:01
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:

Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Canada V7X 1M3

Client #: 104272769**Int. Register #:** 120424362**Interest #:
169112358**

Assignment of Rents

Value: N/A
Reg'd: 28 Oct 2014 09:37:01
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:

Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Canada V7X 1M3

Client #: 104272769**Int. Register #:** 120424384**Interest #:
170084527**Power Corporation Act
Easement (s.23)

Value: N/A
Reg'd: 10 Feb 2015 08:27:52
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:

SASKATCHEWAN POWER CORPORATION
2025 VICTORIA AVE
REGINA, SK, Canada S4P 0S1

Client #: 100307618**Int. Register #:** 120642397**Interest #:
171404445**

Builders' Lien

Value: \$338,436.81 CAD
Reg'd: 15 Jun 2015 11:32:15
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:

Flaman Sales Ltd.
300-110 21st Street East
Saskatoon, SK, Canada S7K 0B6

Client #: 130641027**Int. Register #:** 120894802

Interest #:
172054155

Mortgage

Value: \$558,476.99 CAD
Reg'd: 11 Aug 2015 14:44:14
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 EMW INDUSTRIAL LTD.
 BOX 1148
 YORKTON SK, SK, Canada S3N 2X3
Client #: 100071560

Int. Register #: 121020781

Interest #:
183634016

Tax Lien

Value: N/A
Reg'd: 20 Nov 2018 16:25:35
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 TOWN OF CANORA
 P.O. BOX 717
 CANORA, Saskatchewan, Canada S0A 0L0
Client #: 100330120

Int. Register #: 123207881

Interest #:
183733656

Enforcement Charge -
 Provincial Judgment

Value: \$5,415,972.52 CAD
Reg'd: 03 Dec 2018 13:20:13
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

JUDGMENT DATE: 16-NOV-2018 DEBTOR NAME: Beckerland Farms Inc.
 /Tyland Management Group Inc.

Holder:
 Business Development Bank of Canada
 Suite 200 One Bentall Centre 505 Burrard Street
 Vancouver, British Columbia, Canada V7X 1M3
Client #: 134781767

Int. Register #: 123228985
Judgment Registry #: 301842665

Interest #:
183734242

Enforcement Charge -
 Provincial Judgment

Value: \$45,469.87 CAD
Reg'd: 03 Dec 2018 13:43:52
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

JUDGMENT DATE: 16-NOV-2018 DEBTOR NAME: Tyland Management Group

Inc. /Becker,Tyson Steven /Beckerland Farms Inc.

Holder:

Business Development Bank of Canada
Suite 200 One Bentall Centre 505 Burrard Street
Vancouver, Saskatchewan, Canada V7X 1M3

Client #: 134781868

Int. Register #: 123229098

Judgment Registry #: 301842672

Addresses for Service:

Name

Address

Owner:

BECKERLAND FARMS INC.

7 BROADWAY STREET E. P O BOX 1148 YORKTON, SK, Canada
S3N 2X3

Client #: 122903210

Title Locks:

Date

15 Aug 2014 14:16:35

Type

Registrar's Warning (Transfer Permitted) --
Converted Title Silent as to Minerals

Description

converted title silent as to
minerals

Notes:

Parcel Class Code: Parcel (Generic)



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Province of Saskatchewan Land Titles Registry Title

Title #: 145632225
Title Status: Active
Parcel Type: Surface
Parcel Value: \$121,000.00 CAD
Title Value: \$121,000.00 CAD
Converted Title: 85Y03106
Previous Title and/or Abstract #: 141364964

As of: 18 Jun 2019 11:48:20
Last Amendment Date: 03 Dec 2018 13:43:51.957
Issued: 22 Aug 2014 10:16:00.550
Municipality: RM OF CALDER NO. 241

BECKERLAND FARMS INC. is the registered owner of Surface Parcel #141199296

Reference Land Description: NE Sec 29 Twp 26 Rge 31 W 1 Extension 0
As described on Certificate of Title 85Y03106.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
168443512 Conservation Easement

Value: N/A
Reg'd: 08 Jan 2007 07:56:14
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 DUCKS UNLIMITED CANADA - CANARDS ILLIMITES CANADA
 Box 4465
 Regina, Saskatchewan, Canada S4P 3W7
Client #: 101046642

Int. Register #: 112473626

Interest #:
168443556 Mortgage

Value: \$3,300,000.00 CAD
Reg'd: 22 Aug 2014 10:16:02
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
 Business Development Bank of Canada
 Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
 Vancouver, British Columbia, Canada V7X 1M3
Client #: 104272769

Int. Register #: 120278796

Interest #:
168443578 Assignment of Rents

Value: N/A

Reg'd: 22 Aug 2014 10:16:02
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:

Business Development Bank of Canada
 Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
 Vancouver, British Columbia, Canada V7X 1M3
Client #: 104272769

Int. Register #: 120278808

Interest #:
183733667

Enforcement Charge -
 Provincial Judgment

Value: \$5,415,972.52 CAD
Reg'd: 03 Dec 2018 13:20:13
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

JUDGMENT DATE: 16-NOV-2018 DEBTOR NAME: Beckerland Farms Inc.
 /Tyland Management Group Inc.

Holder:

Business Development Bank of Canada
 Suite 200 One Bentall Centre 505 Burrard Street
 Vancouver, British Columbia, Canada V7X 1M3
Client #: 134781767

Int. Register #: 123228985
Judgment Registry #: 301842665

Interest #:
183734253

Enforcement Charge -
 Provincial Judgment

Value: \$45,469.87 CAD
Reg'd: 03 Dec 2018 13:43:52
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

JUDGMENT DATE: 16-NOV-2018 DEBTOR NAME: Tyland Management Group
 Inc. /Becker,Tyson Steven /Beckerland Farms Inc.

Holder:

Business Development Bank of Canada
 Suite 200 One Bentall Centre 505 Burrard Street
 Vancouver, Saskatchewan, Canada V7X 1M3
Client #: 134781868

Int. Register #: 123229098
Judgment Registry #: 301842672

Addresses for Service:

Name	Address
Owner: BECKERLAND FARMS INC.	7 BROADWAY STREET E. P O BOX 1148 YORKTON, SK, Canada S3N 2X3
Client #: 122903210	

Notes:

Parcel Class Code: Parcel (Generic)



Back to top



Letter of Offer dated July 25, 2014

Beckerland Farms Inc.
Box 1167
Yorkton, SK
S3N 2X3

Attention of: Mr. Tyson Becker

Re: Loan(s) No. 079659-02 and 079659-03

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan"). The Letter of Offer is open for acceptance until August 4, 2014 (the "Acceptance Date") after which date it shall become null and void.

LOAN PURPOSE AND FUNDING

Loan Purpose

Refinance Leases & Mortgage	1,656,000.00
Construction Building & Bins - Canora	3,201,300.00
ICT Software	75,000.00
Purchase Land - Canora	62,700.00
Construction Contingencies - Canora	320,000.00
	<hr/>
	5,315,000.00

Funding

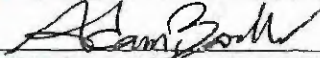
BDC 079659-02	4,740,000.00
BDC 079659-03	75,000.00
Shareholder Investment	500,000.00
	<hr/>
	5,315,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" -- Section I or are defined elsewhere in the text of the Letter of Offer.

**THIS IS EXHIBIT "C" REFERRED TO
IN THE AFFIDAVIT OF JENNIFER KOH
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA
THIS 27 DAY OF June, 2019.**


A NOTARY PUBLIC IN AND FOR THE
PROVINCE OF BRITISH COLUMBIA
My appointment expires N/A
OR being a solicitor.

LENDER

BDC

BORROWER

Beckerland Farms Inc. (the "Borrower")

GUARANTOR

Tyland Management Group Inc.

Tyson Becker

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

LOAN AMOUNT

Loan 079659-02: \$4,740,000.00

Loan 079659-03: \$75,000.00

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Loan 079659-02

Floating Rate

BDC's Floating Base Rate plus a variance of 1.50% per year (the "Variance 02"). On the date hereof, BDC's Floating Base Rate is 5.00% per year.

Loan 079659-03

Floating Rate

BDC's Floating Base Rate plus a variance of 1.00% per year (the "Variance 03"). On the date hereof, BDC's Floating Base Rate is 5.00% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal of the Loan is repayable according to the following. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable on the Maturity Date (the "Maturity Date").

Loan 079659-02

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	25,790.00	10-02-2016	10-02-2016
197	Monthly	23,930.00	10-03-2016	10-07-2032

In addition, interest is payable monthly on the 10th day of the month (the "Payment Date 02") commencing on the next occurring Payment Date 02 following the first advance on the Loan.

Maturity Date: July 10, 2032 (the "Maturity Date 02").

Loan 079659-03

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	1,680.00	10-10-2014	10-10-2014
47	Monthly	1,560.00	10-11-2014	10-09-2018

In addition, interest is payable monthly on the 10th day of the month (the "Payment Date 03") commencing on the next occurring Payment Date 03 following the first advance on the Loan.

Maturity Date: September 10, 2018 (the "Maturity Date 03").

PREPAYMENT

Annual Prepayment Privilege: Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after July 25, 2014. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

Loan 079659-02

1. General Security Agreement from Beckerland Farms Inc. providing:
 - 1) A first security interest in:
 - equipment and grain storage bins refinanced by BDC that is used in the Wroxton grain storage operation; and
 - equipment and grain storage bins financed by BDC that will be used in the Canora grain storage operation; and
 - 2) A security interest in all other present and after-acquired personal property subject only to:
 - priority on inventory and receivables to lender extending line of credit;
 - future charges on specific equipment to creditors financing the purchase or lease.Equipment list, with applicable serial numbers, to be provided. GSA will stand as security for the 02 and 03 loans.
2. First readvanceable mortgage in the principal amount of \$3,300,000 on land (approx. 160 acres) legally described as Surface Parcel #141199296, NE Sec 29 Twp 26 Rge 31 W1 Extension 0 and buildings located in the RM of Calder No. 241, SK owned by Beckerland Farms Inc. subject only to Conservation Easement registered by the Duck Unlimited Canada. Building location survey or title insurance required.
3. First readvanceable mortgage in the principal amount of \$3,600,000 on land (approx. 20 acres) legally described Lots 1 to 28, inclusive, Block 61, Plan Z5383 and buildings located at 1616 Highway No. 5 West in Canora, SK owned by Beckerland Farms Inc. Building location survey or title insurance required.
4. Guarantee of Tyland Management Group Inc. for the full amount of the loan supported by a:
 - 1) General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject only to:
 - all existing charges except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of these persons have an interest;
 - priority on inventory and receivables to lender extending line of credit; and
 - future charges on specific equipment to creditors financing the purchase or lease.The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
5. First registered general assignment of rents. Rent may be paid to lessor until notified by BDC. No prepayment without BDC's approval.
6. Guarantee of Tyson Steven Becker for \$500,000. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
7. Postponement of a \$500,000 debt owed to Flaman Sales Ltd. for a period of five (5) years from loan authorization. Providing the BDC Loan is in good standing, interest may be paid at 20% per annum.

Loan 079659-03

1. General Security Agreement from Beckerland Farms Inc. providing:
 - 1) A first security interest in:
 - equipment and grain storage bins refinanced by BDC that is used in the Wroxton grain storage operation; and
 - equipment and grain storage bins financed by BDC that will be used in the Canora grain storage operation; and
 - 2) A security interest in all other present and after-acquired personal property subject only to:
 - priority on inventory and receivables to lender extending line of credit;
 - future charges on specific equipment to creditors financing the purchase or lease.Equipment list, with applicable serial numbers, to be provided. GSA will stand as security for the 02 and 03 loans.
2. Guarantee of Tyland Management Group Inc. for the full amount of the loan supported by a:
 - 1) General Security Agreement providing a security interest in all present and after-acquired personal property, except consumer goods, subject only to:
 - all existing charges except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of these persons have an interest;
 - priority on inventory and receivables to lender extending line of credit; and
 - future charges on specific equipment to creditors financing the purchase or lease.The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
3. Guarantee of Tyson Steven Becker for the full amount of the loan amount outstanding from time to time. The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.
4. Postponement of a \$500,000 debt owed to Flaman Sales Ltd. for a period of five (5) years from loan authorization. Providing the BDC Loan is in good standing, interest may be paid at 20% per annum.

DISBURSEMENT

The Loan funds shall be disbursed as follows:

Loan 079659-02

1. Prior to Security being placed, \$250,000 of this Loan (a "Fast Track Disbursement") may be disbursed if:

- 1) BDC receives a promissory note for the full amount of the disbursement signed by each of:

- Beckerland Farms Inc. represented by a duly authorized representative;
- Tyland Management Group Inc. represented by a duly authorized representative;
- Tyson Steven Becker, in his personal capacity as guarantor of the Loan;
- The Shareholders of the Borrower, being Tyson Steven Becker, in their personal capacity;
- The Shareholders of the Guarantor, being Tyson Steven Becker, in their personal capacity;

- 2) And provided that the following conditions have been met (without requiring satisfaction of any other conditions contained in the Conditions Precedent section in this Letter of Offer)

1. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
2. No Default or Event of Default shall have occurred.
3. No Material Adverse Change shall have occurred.

Invoices evidencing expenditures under the Loan Purpose covered by this Fast Track Disbursement will be required prior to any subsequent disbursement.

When all the required Security and conditions set out in this Letter of Offer have been completed to BDC's satisfaction, the promissory note will be irrevocably cancelled.

2. BDC funds along with shareholder investment will be forwarded to the solicitor "In Trust" to complete the land purchase and fund the construction of the grain storage facility in Canora, SK.

BDC will disburse upon receipt of invoices evidencing expenditures under the Loan Purpose. The amount disbursed shall not exceed 86% of the project element BDC is financing of the total dollar amount of invoices submitted (excluding applicable taxes) less any applicable holdbacks for the construction project including contingencies. All invoices must be made out to Beckerland Farms Inc.

BDC reserves the right to cancel any unused construction contingencies at the end of the project.

3. For each loan being refinanced as described in the Loan Purpose, written confirmation of the payout balance must be obtained directly from the refinanced lender or from the external solicitor/notary.

Loan 079659-03

1. The ICT portion of this Loan will be disbursed once all Conditions Precedent have been met. Invoices evidencing ICT expenditures are required.

Unless otherwise authorized, funds for each Loan account number shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security relating to the Loan.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. You must provide an additional \$6,000 study fee to the Bank for a total study fee of \$12,000.
8. Provide an executed copy of the loan agreement confirming the loan in the amount of \$500,000 extended by Flaman Sales Ltd. to Tyson Becker has no principal payments for five (5) years. Terms and conditions must be to the satisfaction of the Bank.

Loan Specific Conditions:

Loan 079659-02

1. Provide written confirmation that the legal ownership of land (approx. 160 acres) known as NE Sec 29 Twp 26 Rge 31 W1 Extension 0 in the RM of Calder No. 241, SK has been transferred to Beckerland Farms Inc. Terms of the transfer must be to the satisfaction of the Bank.
2. Provide a copy of the building permit from the Town of Canora to complete your project.

UNDERLYING CONDITIONS

The following conditions shall apply throughout the term of the Loan:

1. Tangible equity in the business will not be reduced below \$1,350,000 .
2. You will confirm, on demand, proof of payment to each government agency through documentation prepared by your external accredited accountant which is to be forwarded to BDC along with your annual financial statements. You also agree to sign a standard consent form enabling BDC to inquire as to the status of these remittances.
3. BDC is to be advised of the incorporation of any new entities owned by Tyson Becker (personally or via corporate ownership). BDC may, in its sole discretion, add the the newly incorporated entity as a Corporate Guarantor to this loan account. You undertake to provide the full corporate guarantee of any of these entities if required by BDC.
4. You agree to assume all program cost overruns without prejudice to the security held by BDC. GST is for the account of the Borrower.

5. Following the receipt of your written request, during the first five years of the Flaman Sales Ltd. debt being outstanding the repayment, or partial repayment, of the principal of the debt may be permitted by BDC provided that the following conditions are satisfied:
 - a) After the proposed repayment is made, a minimum available funds (AF) less unfinanced capital expenditures coverage ratio of 1.2:1 must be met and tangible equity must not be reduced below \$1,350,000, on a combined basis calculated based on the financial statements of Beckerland Farms Inc. and Tyland Management Group Inc. and any other corporate guarantors should they be added in the future (in the form provided in the Reporting Obligations section of this Letter of Offer);
 - b) At the time of the proposed repayment, your loans have never been in default.

Loan Specific Conditions:

Loan 079659-02

1. You shall abide by the following conditions in relation to the renting to, and occupancy by, third parties of realty relating to your business:
 - a) provide BDC with a copy of all current and future leases (including sub-leases), the terms and conditions of which must be acceptable to BDC and which must be subject to the terms and conditions of this Letter of Offer;
 - b) inform BDC immediately of any change of tenants or occupants, current and future, and obtain BDC's prior approval of all new tenants or occupants;
 - c) ensure that all tenants, sub-tenants and occupants, current and future, conform to BDC's policy regarding "Ineligible Activities" as described in this Letter of Offer and respect all environmental laws and regulations;
 - d) include in all new leases, lease renewals and sub-leases a clause requiring that the tenant(s) and occupant(s) conform to BDC's policy regarding "Ineligible Activities" as described in this Letter of Offer and a clause containing a covenant to respect all environmental laws and regulations.
 - e) refrain from amending leases and sub-leases without BDC's prior consent;
 - f) pay the cost of serving such legal and other notices to your tenants as BDC may deem necessary from time to time to protect BDC's interests in relation to this Loan.
2. Upon demand, you agree to provide to BDC annually written proof of your payment of the property, school or similar taxes which are assessed against the mortgaged land and improvements (the "taxes"), within thirty (30) days following the due date of each required instalment. Should you default in paying any such instalment of the taxes when due, you will pay BDC monthly payments as calculated by BDC to establish a tax reserve account. These payments will be collected by the pre-authorized debit plan and the funds in the account will earn interest in accordance with BDC's policy then in effect. You authorize BDC to pay the relevant taxing authorities. Should there be insufficient funds to satisfy the taxes owing, you will pay the shortfall. BDC will not be responsible for funding the shortfall or any arrears, including interest and other charges. You will instruct the taxing authority to forward a copy of the tax notice to BDC, or you will deliver a copy to BDC upon receipt.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Beckerland Farms Inc.	Review Engagement	Annual	November
Beckerland Farms Inc. & Tyland Management Group Inc.	Combined Review Engagement	Annual	January
Tyland Management Group Inc.	Review Engagement	Annual	January

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

FEES

Cancellation Fee

If the Borrower does not draw on the Loan by the Lapsing Date indicated below (the "Lapsing Date"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC the applicable cancellation fee indicated below. If the Loan is partially disbursed on the Lapsing Date, the Borrower and Guarantor shall pay BDC a percentage of the cancellation fee in proportion to the percentage of the Loan that is cancelled. No cancellation fee will be payable if 50% or more of the Loan has been disbursed.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to

lapse in whole or in part.

Loan 079659-02

Lapsing Date: July 25, 2015 (the "Lapsing Date 02").

Cancellation Fee: \$100,000.00 (the "Cancellation Fee 02").

Loan 079659-03

Lapsing Date: July 25, 2015 (the "Lapsing Date 03").

Cancellation Fee: \$2,250.00 (the "Cancellation Fee 03").

Standby Fee

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled excluding the Consulting portion and/or Future Interest Reserve. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

Loan 079659-02

Rate: 1.50% per annum

Date: January 25, 2015

Loan 079659-03

Rate: 1.50% per annum

Date: January 25, 2015

Legal Fees and Expenses

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

Loan Management Fee

The Borrower shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change.

Loan 079659-02

\$1,000.00 per year (the "Management Fee 02")

Loan 079659-03

\$150.00 per year (the "Management Fee 03")

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

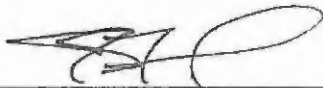
SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

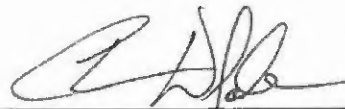
LANGUAGE CLAUSE

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Ian Fong
Senior Account Manager
Phone: (306) 780-7343
Fax: (306) 780-7516
ian.FONG@bdc.ca



Chris Windjack
Manager, Business Centre
Phone: (306) 780-7340
Fax: (306) 780-7516
Chris.WINDJACK@bdc.ca

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 30th day of July 2014.

Beckerland Farms Inc.


_____, Authorized Signing Officer

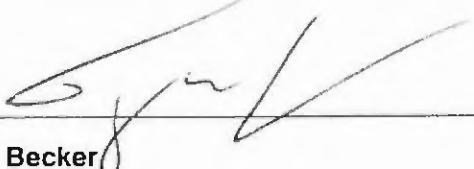
Name: Tyson Becker
(Please print name of signing party)

GUARANTOR(S)

Tyland Management Group Inc.


_____, Authorized Signing Officer

Name: Tyson Becker
(Please print name of signing party)



Tyson Becker



GENERAL SECURITY AGREEMENT

THIS IS EXHIBIT "D" REFERRED TO
IN THE AFFIDAVIT OF JENNIFER KOH
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA
THIS 27 DAY OF June, 2019.
Adam Bach
NOTARY PUBLIC AND FOR THE
PROVINCE OF BRITISH COLUMBIA
My appointment expires N/A
OR being a solicitor.

THIS AGREEMENT dated Aug 15, 2014

FROM:

BECKERLAND FARMS INC.

(the "Borrower")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 320, 2220 12th Avenue, Regina, Saskatchewan S4P 0M8

("BDC")

1. SECURITY INTEREST

(You, as the Borrower, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Borrower:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC and grants to BDC a general and continuing security interest in all of the Borrower's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Borrower and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property of the Borrower that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Borrower (all of which is hereinafter collectively called the "Intellectual Property");
 - (vi) all the Borrower's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Borrower, and all other intangible property of the Borrower, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule A attached to this Security Agreement;
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Borrower's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
 - (ii) all of the undertaking and assets of the Borrower, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Borrower shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Borrower's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Borrower.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Borrower agrees that the Security Interests attach upon the signing of this Security Agreement (or in the

of after acquired property, upon the date of acquisition), that value has been given, and that the Borrower has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Borrower confirms that there has been no agreement between the Borrower and BDC to postpone the time for attachment of the Security Interests and that it is the Borrower's understanding that BDC intends the Security Interests to attach at the same time.

4. **PURCHASE MONEY SECURITY INTEREST**

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Borrower acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. **OBLIGATIONS SECURED**

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Borrower or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Borrower to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Borrower to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Borrower's obligation and liability under any contract or guarantee now or in the future in existence whereby the Borrower guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Borrower to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. **REPRESENTATIONS AND WARRANTIES**

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Borrower represents and warrants to BDC that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it, it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constituting documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constituting documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Borrower has provided a written memorandum to BDC accurately setting forth all prior names under which the Borrower has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good

standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Borrower is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Borrower is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Borrower, in which a decision adverse to the Borrower would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Borrower, and the Borrower agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Borrower;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Borrower has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Borrower, if the Borrower is a corporation, or, if the Borrower is a partnership, of the partners of the Borrower, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Borrower's obligations valid and there is no restriction contained in the constating documents of the Borrower or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Borrower to borrow money or give security; and
- (k) the Borrower's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE BORROWER

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Borrower covenants with BDC that while this Security Agreement remains in effect the Borrower will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;

- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Borrower shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Borrower including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Borrower, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Borrower's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and*

Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act (Canada)*;

- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Borrower, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Borrower respecting any Accounts;
 - (v) any claims against the Borrower including claims in respect of the Intellectual Property or of any actions taken by the Borrower to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Borrower of Collateral that was disposed of by the Borrower; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Borrower's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Borrower will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Borrower's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;

- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
- (iii) all financial statements prepared by or for the Borrower regarding the Borrower's business;
- (iv) such information concerning the Collateral, the Borrower and the Borrower's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Borrower under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Borrower and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Borrower covenants that while this Security Agreement is in effect the Borrower shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.

8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Borrower to repair, replace or rebuild, but any release of insurance proceeds to the Borrower shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Borrower will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Borrower's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Borrower authorizes and directs the insurer under any required policy of insurance to include the name

of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Borrower fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Borrower will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Borrower is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Borrower will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Borrower is not in default under this Security Agreement the Borrower may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Borrower holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Borrower fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Borrower to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Borrower, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Borrower in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (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 BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Borrower shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Borrower and BDC in any of the following events:

- (a) the Borrower defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Borrower is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Borrower to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Borrower or a guarantor of the Borrower declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Borrower or a guarantor of the Borrower; or
- (f) the Borrower or a guarantor of the Borrower ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its

assets; or

- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Borrower is a corporation and any member or shareholder:
 - (i) commences an action against the Borrower; or
 - (ii) gives a notice of dissent to the Borrower in accordance with the provisions of any governing legislation; or
- (l) If the Borrower is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Borrower uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Borrower creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Borrower enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Borrower is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Borrower of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Borrower; or
- (p) the Borrower causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets, or the Borrower causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Borrower is cancelled, revoked or reduced, as the case may be, or any order against the Borrower is enforced, preventing the business of the Borrower from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Borrower's business; or
- (r) if an individual, the Borrower dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Borrower mortgages to BDC all of the Borrower's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

- 15.1 If the Borrower is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:
- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
 - (b) enter upon any of the Borrower's premises at any time and take possession of the Collateral with power to exclude the Borrower, its agents and its servants, without becoming liable as a mortgagee in possession;
 - (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
 - (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Borrower will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
 - (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
 - (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.
- 15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Borrower and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:
- (a) carry on the Borrower's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
 - (b) make an assignment for the benefit of the Borrower's creditors or a proposal on behalf of the Borrower under the *Bankruptcy and Insolvency Act* (Canada); and
 - (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
 - (d) make any arrangement or compromise that the Receiver deems expedient.
- 15.3 Subject to the claims, if any, of the creditors of the Borrower ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:
- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor

and its own client basis) incurred by BDC respecting or incidental to:

- (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
 - (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
 - (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Borrower of any obligations or covenants imposed upon the Borrower nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Borrower waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.
- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Borrower or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.
- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Borrower, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Borrower and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Borrower shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Borrower arising under any other agreements between BDC and the Borrower shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security

Agreement. The obligation, if any, of the Borrower to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Borrower shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Borrower and any legal fees, commitment fees, standby fees or administration fees owing by the Borrower shall be secured by the Collateral.

- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Borrower shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Borrower now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Borrower shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Borrower agrees that BDC may bring action against the Borrower for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Borrower irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Borrower for and in the name of the Borrower to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Borrower is obliged to sign, endorse or execute and generally to use the name of the Borrower and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Borrower subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Borrower to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Borrower to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given

in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC 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 Borrower, the Borrower's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Borrower's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Borrower or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Borrower or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Borrower, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Borrower agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Borrower will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Borrower to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Borrower shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Borrower and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Borrower shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Borrower, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Borrower represents and agrees that

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Borrower's business or assets including without limitation the Collateral;
- (f) It will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Borrower and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Borrower's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Borrowers and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the *Personal Property Security Act* of the jurisdiction in which the business centre of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Borrower hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Borrower:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Borrower acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Borrower is a corporation, the Borrower agrees as follows:

- (a) that the *Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in the *Land Contracts (Actions) Act* of Saskatchewan, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act,
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Borrower.

34. PARENTHETICAL COMMENTS

The Borrower acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Borrower has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Borrower acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Borrower has executed this Security Agreement.



BECKERLAND FARMS INC.
by its authorized signatory:

per:

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

AFFIDAVIT OF OFFICER OF CORPORATION

CANADA
PROVINCE OF
TO WIT:


) I, Tyson Becker,
) of the City of Yorkton,
) in the Province of Saskatchewan

MAKE OATH AND SAY:

1. That I am the President of the Borrower.
2. That I subscribed my name to the annexed agreement in my capacity as President, an officer of the Borrower as aforesaid.
3. That I am one of the persons duly authorized to subscribe my name as aforesaid.

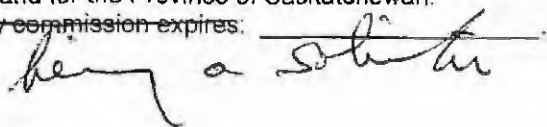
SWORN before me at the City of
Yorkton, in the Province of
Saskatchewan, this _____
day of Aug, 2014.

)
)
)



Tyson Becker

A Commissioner for Oaths/Notary Public
in and for the Province of Saskatchewan.
My commission expires: _____



SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Borrower (if an individual):

Month

Day

Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Borrower's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	
Place of Business:	
And:	

SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (licenses)

- 7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Borrower shall:
- (i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;
 - (ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the *Forest Act* (British Columbia), the *Forests Act* (Alberta), the *Public Lands Act* (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;
 - (iii) observe and perform all the requirements of the Licences, of the *Forest Act* [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;
 - (iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and
 - (v) should the Licenses involve products not falling within the forestry industry, comply with all **applicable** laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.

SCHEDULE B
Additional Covenants (aircraft)

- 7.1 (t) so long as the Collateral includes any aircraft, airframes, propellers, avionics or aircraft engines or any goods that are or may become accessions or attachments to them or are used in connection with them then the Borrower shall:
- (i) at its own cost and expense keep such Collateral in good order and repair airworthy in all respects and only in accordance with its Transport Canada Aviation ("TCA") approved maintenance, making good all damage to such Collateral, including without limitation damage by crash, collision, fire or explosion, and replace at the Borrower's expense each of the aircraft or engines, propellers or parts which may be worn out, lost, destroyed, confiscated or rendered unfit for use in the Borrower's ordinary operations with another aircraft, engine, propeller or part which shall be in good airworthy and operating condition and shall have a time and modification status and value at least equal to the value of the property so worn out, lost, destroyed or confiscated or rendered unfit for use, if the same were in usable condition and in good repair and, shall, unless BDC shall otherwise consent, be the same manufacturer's model as the aircraft or parts being replaced;
 - (ii) maintain custody and operational control, and use and operate such Collateral in a careful and efficient manner and comply with the laws of Canada and with all acts, rules, regulations, instructions and orders of TCA and the Canadian Transportation Agency and of all other commissions, boards and other legal, executive or judicial bodies or officers having power to regulate or supervise such Collateral or the Borrower's operations and comply with the manufacturer's operations and maintenance instructions and recommendations. The Borrower will not permit any of such Collateral to be flown or taken outside of the territorial limits of Canada (other than in the normal course of its flying operations) without BDC's consent. The Borrower will maintain its air carrier licenses in good standing and will not assign or transfer them;
 - (iii) ensure that any aircraft charged under this Security Agreement which becomes grounded by the withdrawal or expiration of an airworthiness certificate issued under the authority of TCA or other appropriate authority and which remains grounded for a period of sixty (60) days shall be considered unfit for use in the Borrower's ordinary operations within the meaning of this clause and the Borrower shall promptly notify BDC of any such aircraft becoming unfit for use in the Borrower's ordinary operations, and shall promptly notify BDC if any aircraft shall become worn out, lost, destroyed, damaged or confiscated, and if the Borrower replaces any such aircraft out of the proceeds of insurance or otherwise, it will deliver to BDC a supplemental security interest and charge covering the replacement aircraft together with all information required by BDC concerning the replacement aircraft;
 - (iv) insure and keep insured and assigned to BDC all risk Hull Insurance in form and with insurers satisfactory to BDC, such policies to include the standard BREACH OF WARRANTY CLAUSE on all the aircraft charged or which may be charged in favour of BDC and will supply to BDC evidence of Third Party Liability (including passenger) insurance, such insurance shall: (a) name BDC as additional insured; (b) waive all rights of subrogation against BDC; (c) provide 30-day notice of cancellation to BDC; and (d) cover engines and parts when removed from the aircraft, wherever located; and
 - (v) obtain and maintain and enforce in its own name all necessary certificates of registration and airworthiness and licences to operate the aircraft for the purpose of which they are being or are intended to be used.



GENERAL ASSIGNMENT OF RENTALS

THIS AGREEMENT dated Aug 15, 2014.

BETWEEN:

BECKERLAND FARMS INC.

(hereinafter called the "Borrower")

OF THE FIRST PART

AND:

BUSINESS DEVELOPMENT BANK OF CANADA incorporated by Special Act of the Parliament of Canada, and having its Head Office at the City of Montreal, in the Province of Quebec, with a business centre at 320, 2220 12th Avenue, Regina, Saskatchewan S4P 0M8

(hereinafter called "BDC")

OF THE SECOND PART

WHEREAS:

- A. By a Mortgage made between the Borrower and BDC, which Mortgage is dated the 15 day of Aug, 2014, (hereinafter called the "Mortgage") the Borrower did grant and mortgage unto BDC the lands and premises in the Rural Municipality of Calder, in the Province of Saskatchewan, and legally described as follows:

Surface Parcel #141199296

Reference Land Description: NE Sec 29 Twp 26 Rge 31 W1 Extension 0

As described on Certificate of Title 85Y03106

(hereinafter called the "Lands and Premises")

to secure payment of Three Million Three Hundred Thousand (\$3,300,000.00) Dollars and interest thereon as therein set forth;

- B. The Borrower has agreed to assign to BDC all rents and other monies now due and payable or hereafter to become due and payable under every existing and future lease of and Agreement to Lease the whole or any portion of the Lands and Premises as a further security for the payment of the principal sum and interest secured by the Mortgage and for the performance of the covenants in the Mortgage contained;

NOW THEREFORE in consideration of the premises, the sum of One (\$1.00) Dollar now paid by BDC to the Borrower, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Borrower), the parties hereto covenant and agree as follows:

1. The Borrower doth hereby assign and set over unto BDC as security for the said principal and interest secured by the Mortgage and for the performance of the covenants in the Mortgage contained all rents and other monies now due and payable or hereafter to become due and

payable under every existing and future Lease of and Agreement to Lease the whole or any portion of the Lands and Premises (hereinafter called the "Leases"), together with the benefit of all covenants, agreements and provisos contained in the Leases with full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents and to enforce payment thereof in the name of the Borrower, its successors and assigns.

2. Nothing herein contained shall be deemed to have the effect of making BDC responsible for the collection of any rents and other monies now due and payable or to become due and payable, or for the performance of any covenants, terms and conditions either by the lessor or by the lessee contained or to be contained in the Leases and BDC shall not, by virtue of these presents, be deemed a Mortgagee in possession of the Lands and Premises or any part thereof.
3. BDC shall be liable to account for only such monies as shall actually come into its hands by virtue of these presents, less collection charges, exigible taxes and costs (including solicitor and client costs). Such monies when so received by BDC shall be applied on account of the monies from time to time due under the Mortgage and any renewal or extension thereof, or under any agreement collateral thereto.
4. The said rents and other monies now due and payable or hereafter to become due and payable thereunder and other benefits hereby assigned or to be assigned to BDC are being taken as collateral security only for the due payment of any sum due under the Mortgage or any renewal or extension thereof or of any Mortgage taken in substitution therefor, either wholly or in part, and none of the rights or remedies of BDC under the Mortgage shall be delayed or in any way prejudiced by these presents.
5. Notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of part or parts of the Lands and Premises, or of any collateral security, the said rents and monies now due and payable or hereafter to become due and payable thereunder and other benefits hereby assigned or to be assigned shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and satisfied.
6. None of the Leases or the Borrower's rights thereunder including the right to receive rents and monies, has been or will be amended, assigned, encumbered, terminated, discounted or anticipated without BDC's prior written consent.
7. The Borrower covenants and agrees from time to time and at all times hereafter, at the request of BDC, to execute and deliver at the expense of the Borrower such further assurances for the better and more perfectly assigning to BDC all rents and monies now due and payable or hereafter to become payable thereunder, as BDC shall reasonably advise.
8. No tenant, sub-tenant, licensee or sub-licensee, as the case may be, may make, and the Borrower may not accept, a prepayment of rents or monies payable under the Leases without BDC's prior written consent, and where any such person has a contractual right to repay rents under any of the Leases registered prior to this Mortgage, such prepayment will, if made, be paid to BDC and applied as prepayment against any monies then owing to BDC or held as security until the whole of the monies secured by the Mortgage shall be fully paid and satisfied, as BDC may determine, unless BDC has, in writing, waived its right to receive such prepayment.
9. Until default shall have been made in the payment of any instalment of principal or of interest as provided in the Mortgage or any renewal or extension thereof or until the breach of any covenants contained in the Mortgage, the Borrower shall, except for prepayments, be entitled to receive all rents or monies payable under the Leases and shall not be liable to account therefor to BDC, but immediately upon default in payment of either the principal or interest under the Mortgage, or upon a breach on the part of the Borrower of any of the covenants contained in the Mortgage, and so often as either may occur, BDC upon notice to the lessee or to any person or persons liable for payment of any rents or monies under the Leases, shall be entitled to all such rents or monies falling due subsequent to the date of service of such notice.

10. Notwithstanding this Assignment, the Borrower shall be solely responsible for performing and complying with all the lessor's covenants and other obligations under the terms of the Leases and shall perform, according to the true intent and meaning thereof, all such the covenants and obligations contained in the Leases so that the rights and remedies of BDC shall not be in any way delayed or prejudiced.
11. BDC may, but shall not be bound to, institute proceedings for the purpose of enforcing any Leases or collecting the rents or for the purpose of preserving any rights of BDC, the Borrower or any other person, firm or corporation in respect of the same.
12. BDC may waive any default or breach of covenant and shall not be bound to serve any notice as hereinbefore set forth upon the happening of any default or beach of covenant, but any such waiver shall not extend to any subsequent default or breach of covenant.
13. This Agreement shall enure to and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Borrower has executed these presents the day and year first above written.



BECKERLAND FARMS INC.
by its authorized signatory:

per: _____

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



GENERAL ASSIGNMENT OF RENTALS

THIS AGREEMENT dated Aug 15, 2014.

BETWEEN:

BECKERLAND FARMS INC.

(hereinafter called the "Borrower")

OF THE FIRST PART

AND:

BUSINESS DEVELOPMENT BANK OF CANADA incorporated by Special Act of the Parliament of Canada, and having its Head Office at the City of Montreal, in the Province of Quebec, with a business centre at 320, 2220 12th Avenue, Regina, Saskatchewan S4P 0M8

(hereinafter called "BDC")

OF THE SECOND PART

WHEREAS:

- A. By a Mortgage made between the Borrower and BDC, which Mortgage is dated the 15 day of Aug, 2014, (hereinafter called the "Mortgage") the Borrower did grant and mortgage unto BDC the lands and premises in the Rural Municipality of Calder, in the Province of Saskatchewan, and legally described as follows:

SEE ATTACHED SCHEDULE OF LAND

(hereinafter called the "Lands and Premises")

to secure payment of Three Million Six Hundred Thousand (\$3,600,000.00) Dollars and interest thereon as therein set forth;

- B. The Borrower has agreed to assign to BDC all rents and other monies now due and payable or hereafter to become due and payable under every existing and future lease of and Agreement to Lease the whole or any portion of the Lands and Premises as a further security for the payment of the principal sum and interest secured by the Mortgage and for the performance of the covenants in the Mortgage contained;

NOW THEREFORE in consideration of the premises, the sum of One (\$1.00) Dollar now paid by BDC to the Borrower, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Borrower), the parties hereto covenant and agree as follows:

1. The Borrower doth hereby assign and set over unto BDC as security for the said principal and interest secured by the Mortgage and for the performance of the covenants in the Mortgage contained all rents and other monies now due and payable or hereafter to become due and payable under every existing and future Lease of and Agreement to Lease the whole or any portion of the Lands and Premises (hereinafter called the "Leases"), together with the benefit of all

covenants, agreements and provisos contained in the Leases with full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents and to enforce payment thereof in the name of the Borrower, its successors and assigns.

2. Nothing herein contained shall be deemed to have the effect of making BDC responsible for the collection of any rents and other monies now due and payable or to become due and payable, or for the performance of any covenants, terms and conditions either by the lessor or by the lessee contained or to be contained in the Leases and BDC shall not, by virtue of these presents, be deemed a Mortgagee in possession of the Lands and Premises or any part thereof.
3. BDC shall be liable to account for only such monies as shall actually come into its hands by virtue of these presents, less collection charges, exigible taxes and costs (including solicitor and client costs). Such monies when so received by BDC shall be applied on account of the monies from time to time due under the Mortgage and any renewal or extension thereof, or under any agreement collateral thereto.
4. The said rents and other monies now due and payable or hereafter to become due and payable thereunder and other benefits hereby assigned or to be assigned to BDC are being taken as collateral security only for the due payment of any sum due under the Mortgage or any renewal or extension thereof or of any Mortgage taken in substitution therefor, either wholly or in part, and none of the rights or remedies of BDC under the Mortgage shall be delayed or in any way prejudiced by these presents.
5. Notwithstanding any variation of the terms of the Mortgage or any agreement or arrangement with the Borrower or any extension of time for payment or any release of part or parts of the Lands and Premises, or of any collateral security, the said rents and monies now due and payable or hereafter to become due and payable thereunder and other benefits hereby assigned or to be assigned shall continue as collateral security until the whole of the monies secured by the Mortgage shall be fully paid and satisfied.
6. None of the Leases or the Borrower's rights thereunder including the right to receive rents and monies, has been or will be amended, assigned, encumbered, terminated, discounted or anticipated without BDC's prior written consent.
7. The Borrower covenants and agrees from time to time and at all times hereafter, at the request of BDC, to execute and deliver at the expense of the Borrower such further assurances for the better and more perfectly assigning to BDC all rents and monies now due and payable or hereafter to become payable thereunder, as BDC shall reasonably advise.
8. No tenant, sub-tenant, licensee or sub-licensee, as the case may be, may make, and the Borrower may not accept, a prepayment of rents or monies payable under the Leases without BDC's prior written consent, and where any such person has a contractual right to repay rents under any of the Leases registered prior to this Mortgage, such prepayment will, if made, be paid to BDC and applied as prepayment against any monies then owing to BDC or held as security until the whole of the monies secured by the Mortgage shall be fully paid and satisfied, as BDC may determine, unless BDC has, in writing, waived its right to receive such prepayment.
9. Until default shall have been made in the payment of any instalment of principal or of interest as provided in the Mortgage or any renewal or extension thereof or until the breach of any covenants contained in the Mortgage, the Borrower shall, except for prepayments, be entitled to receive all rents or monies payable under the Leases and shall not be liable to account therefor to BDC, but immediately upon default in payment of either the principal or interest under the Mortgage, or upon a breach on the part of the Borrower of any of the covenants contained in the Mortgage, and so often as either may occur, BDC upon notice to the lessee or to any person or persons liable for payment of any rents or monies under the Leases, shall be entitled to all such rents or monies falling due subsequent to the date of service of such notice.

10. Notwithstanding this Assignment, the Borrower shall be solely responsible for performing and complying with all the lessor's covenants and other obligations under the terms of the Leases and shall perform, according to the true intent and meaning thereof, all such the covenants and obligations contained in the Leases so that the rights and remedies of BDC shall not be in any way delayed or prejudiced.
11. BDC may, but shall not be bound to, institute proceedings for the purpose of enforcing any Leases or collecting the rents or for the purpose of preserving any rights of BDC, the Borrower or any other person, firm or corporation in respect of the same.
12. BDC may waive any default or breach of covenant and shall not be bound to serve any notice as hereinbefore set forth upon the happening of any default or beach of covenant, but any such waiver shall not extend to any subsequent default or breach of covenant.
13. This Agreement shall enure to and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Borrower has executed these presents the day and year first above written.



BECKERLAND FARMS INC.

by its authorized signatory:

per: _____

A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be the initials "CJ" followed by a flourish.

SCHEDULE OF LAND

SURFACE PARCEL #203043114

**REFERENCE LAND DESCRIPTION: BLK/PAR A PLAN NO 102173701
EXTENSION 0**



MORTGAGE

MORTGAGOR: BECKERLAND FARMS INC.

the "Borrower",

MORTGAGEE: BUSINESS DEVELOPMENT BANK OF CANADA

"BDC",

DATED: the 15 day of Aug, 2014

FOR: \$3,300,000.00 (the "Principal Sum") and other indebtedness.

the Borrower, being or entitled to be registered as owner of an estate in fee simple (or such other estate as hereinafter provided) subject, however, to such encumbrances, liens, and interests, as are notified by memorandum underwritten (or endorsed hereon) that piece or pieces of land described as follows:

Surface Parcel #141199296

Reference Land Description: NE Sec 29 Twp 26 Rge 31 W1 Extension 0

As described on Certificate of Title 85Y03106

(the "Lands")

IN CONSIDERATION of the Principal Sum lent to the Borrower by BDC, incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec, with a business centre at 320, 2220 12th Avenue, Regina, Saskatchewan S4P 0M8:

the receipt of which sum is hereby acknowledged, the Borrower hereby mortgages and charges its entire estate and interest in the Lands as security for repayment of the Secured Obligations, not to exceed \$3,300,000.00 together with interest and costs, and acknowledges and covenants with BDC, as follows:

1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to BDC.

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to BDC as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by BDC from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers.

2. DEBT

You promise to pay to BDC, at such office of BDC as we may direct, the aggregate of:

- (a) the Principal Sum outstanding from time to time;
- (b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to BDC (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, protective disbursements, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to BDC, as principal, guarantor, indemnitor, surety or otherwise;
- (c) interest on the Principal Sum at an annual rate equal to the floating base rate of the announced from time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and BDC have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligations then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligations the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;
- (d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and
- (e) interest on each protective disbursement from the day the protective disbursement (as hereinafter defined) is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum.

3. READVANCES

It is our mutual intention that BDC may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in, *The Land Titles Act* or *The Land Titles Act, 2000* of Saskatchewan. This mortgage is and shall be a continuing security to BDC for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by BDC in one or more advances at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and BDC gives written notice to you that you will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

4. SECURITY

As security for payment of the Secured Obligations, and for the performance of your other obligations under this agreement, you grant, bargain and sell to BDC the Lands (including fixtures, appurtenances, leasehold improvements and rights of way). This mortgage is void upon payment of the Secured Obligations and the performance of those other obligations. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

5. FIXTURES

In this mortgage the expression "the Lands" includes fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

6. MORTGAGE OF LEASE

If your interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

- (a) you hereby demise, sub-lease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to BDC, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for BDC to be assigned or disposed of as BDC or anyone claiming through BDC may direct, and BDC shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;
- (c) you represent to BDC that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to BDC, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;
- (d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;
- (e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without BDC's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;
- (f) you will promptly notify BDC in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to BDC;
- (g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;
- (h) you will not during the continuance of this mortgage, without BDC's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;
- (i) you will promptly obtain from the lessor under the lease and deliver to BDC, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination

thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;

- (j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Lands; and
- (k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

7. MORTGAGE OF CONDOMINIUM UNIT

If the Lands include a condominium unit:

- (a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;
- (b) you shall pay, on or before the due date thereof, each and every assessment, contribution, expense, fine or levy made by or on behalf of the Condo Corporation in respect of the Lands;
- (c) you will forward to BDC within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;
- (d) you agree that nothing done by BDC in protecting its interests in the Lands, including without limiting the generality of the foregoing BDC exercising your right to vote as provided in the applicable condominium legislation generally, shall render BDC a mortgagee in possession;
- (e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by BDC, vote in such manner as BDC directs with respect to each and every matter to be voted;
- (f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to BDC written notice of the meeting specifying the place, date, hour and purpose of the meeting;
- (g) you hereby authorize any of BDC's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to BDC copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and
- (h) in the event of any occurrence or event whereby BDC, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations, BDC shall be at liberty to demand immediate repayment of the Principal Sum.

8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

- (a) you transfer and assign to BDC absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and
- (b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof; provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and

- (c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9. COVENANTS

You covenant with BDC that:

- (a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify BDC of any damage to the Lands;
- (b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;
- (c) you have done no act to encumber the Lands, except as set out herein;
- (d) you will execute or provide such further assurances as BDC may reasonably require and shall do so at your expense;
- (e) you shall discharge any debt or obligation that may be the subject of a demand upon BDC or an agent of BDC in the event that BDC enforces one of the remedies;
- (f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to BDC the receipts for those payments;
- (g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to BDC the receipts.
- (h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;
- (i) on default BDC may enter and have quiet enjoyment of the Lands;
- (j) you shall do all acts necessary to give BDC access from time to time to the Lands;
- (k) you shall carry on, in a proper business-like manner, the business or businesses you have represented to BDC as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business.
- (l) you will not change, or agree to any change of, the present use of the Lands without BDC's prior express written consent;
- (m) you will not permit any of the following activities to occur on the Lands:
- businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
 - businesses trading with countries that are proscribed by the Federal Government;
 - businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
 - businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by an act any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under *The Builders' Lien Act* of Saskatchewan:

- (a) You hereby assign to BDC such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to BDC for the expropriation of its interest in the Lands by the expropriating authority.
- (b) You shall forward to BDC copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof forthwith upon receipt of the said documentation by it.
- (c) Notwithstanding anything to the contrary contained herein, if you or BDC receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of BDC, the whole of the Secured Obligations (including principal, interest and compensation payments) under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired.
- (d) Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to BDC in accordance with the terms of the assignment contained herein.

11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of BDC being first obtained; and you shall not use the Lands or permit the Lands to be used, without BDC's written consent, for a purpose other than that disclosed to BDC in the application for this mortgage. If, with BDC's written consent, you commence work on the Lands, the following will apply:

- (a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations; and, when so required by BDC, supply BDC with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by BDC that construction is being completed in accordance with such requirements; it being understood and agreed that BDC, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;
- (b) If any part of the development remains unfinished and without any work being done for a period of ten consecutive days, BDC may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as BDC may see fit, and any monies expended by BDC pursuant to this paragraph shall constitute part of the Secured Obligations;
- (c) BDC shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by BDC until BDC has inspected the same and any defects in the construction or variation in construction as reported to BDC by its consultants shall be promptly corrected by you to the satisfaction of BDC;

- (d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide BDC with such books, payrolls or other records, receipts, certificates and declarations as BDC may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and,
- (e) BDC shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under *The Builders' Lien Act* of Saskatchewan; provided that if BDC makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by BDC, such holdbacks shall not constitute the lien fund under the said Act and BDC shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

12. INSURANCE

While this mortgage is in effect you will:

- (d) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require;
- (e) cause the insurance policy or policies required by this mortgage to name BDC as a loss payee as BDC's interest may appear in respect of the Lands, and include a standard mortgage clause as approved by the Insurance Bureau of Canada;
- (f) pay all premiums respecting such insurance, and deliver all policies to BDC if required;
- (g) upon request, immediately assign, transfer and deliver over to BDC each and every policy or policies of insurance and all receipts pertaining to same;
- (h) on the happening of any loss or damage to the Lands, immediately notify and furnish to BDC, at your expense, all necessary proofs and do all necessary acts to enable BDC to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf; and
- (i) authorize and direct the insurer under any required policy of insurance to include BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC considers necessary for the protection of BDC's interest. If proceeds of any required insurance become payable, BDC may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as BDC sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly waive all your rights and benefits under *The Insurance Act* and the *Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

13. ENVIRONMENTAL MATTERS

13.1 Definitions

For the purposes of this article 13:

- (a) **"Environmental/Hazardous Materials Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against you or in respect of the Lands relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;
- (b) **"Environmental/Hazardous Materials Laws"** means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Wastes/Hazardous Materials;
- (c) **"Hazardous Materials"** means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.
- (d) **"Environmental Authority"** means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and
- (e) **"Environmental Risks"** means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

13.2 Environmental Representations

You represent, warrant, covenant and promise to BDC that:

- (a) The Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to BDC and approved by BDC in writing.
- (b) The Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands.
- (c) You possess and will maintain all environmental licenses, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licenses, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without BDC's prior written consent and only upon full compliance with BDC's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets.
- (d) You will advise BDC immediately upon becoming aware of any Environmental Risks.
- (e) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide BDC with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and

all environmental studies or assessments prepared for you, and you consent to BDC contacting and making enquiries of environmental officials or assessors.

- (f) You have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff is trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials.
- (g) You will from time to time and at any time required by BDC, provide evidence satisfactory to BDC that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if BDC considers it necessary, cause such inspections, reports and audits and provide the results thereof to BDC as it may require. You shall pay the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to BDC. The scope of any environmental audit shall be at BDC's sole discretion, and the auditor performing or conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

13.3 Environmental Repair

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, BDC may, after notice to you and the expiration of the earlier of:

- (a) any applicable cure period under this mortgage charge; or
- (b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection therewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of BDC, may declare this mortgage to be in default.

13.4 Environmental Assessments and Audits

It is expressly understood that BDC has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to BDC copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

13.5 Exclusion of Liability

No action taken by BDC in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute BDC as a mortgagee in possession and BDC by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and BDC's right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

13.6 Indemnity

You hereby indemnify BDC, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or

related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

- (a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;
- (b) all costs of every kind and nature whatsoever incurred by BDC directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and
- (c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by BDC with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including by "Rice Order") of the Lands and any other exercise of BDC's rights hereunder or under any security collateral hereto.

14. POWERS AND PROTECTIVE DISBURSEMENTS

BDC and any of its agents, may at such time and from time to time, as BDC deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of your interest, as BDC may deem expedient, and BDC may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, BDC may:

- (a) retire fees, expenses and borrowings of a receiver;
- (b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as BDC may find advisable;
- (c) discharge any lien, mortgage or encumbrance which, in the opinion of BDC, has priority over this mortgage;
- (d) improve the title of BDC or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from BDC after your interest in the Lands has been foreclosed;
- (e) discharge any debt or obligation which BDC may find should be discharged in order to better market, sell or protect the Lands;
- (f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;
- (g) cause your books and records to be audited and the financial health of your business to be investigated;
- (h) retire the fees, commissions or expenses of any agent retained by BDC to market the Lands;
- (i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to

the collection of any amount due hereunder and in relation to the enforcement of any remedy including the actual fees and expenses of solicitors who act on behalf of BDC in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;

- (j) pay the fees and expenses of a trustee in Bankruptcy of the Borrower, should BDC determine to make itself liable for such;
- (k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, BDC's title to the Lands, or the priority of BDC's interest in the Lands;
- (l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and
- (m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". BDC is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that BDC's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

- (a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in BDC's favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to BDC either by you or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;
- (c) If you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors
- (d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or you permit the acceleration of any indebtedness (other than Secured Obligations) owed by you to any creditor other than BDC;
- (e) if a Receiver, trustee or similar official of any of your property is appointed;
- (f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;
- (g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;

- (h) If the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;
- (i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;
- (k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise disposes of or parts with possession of any of the Lands or agrees to do so;
- (l) if you are in arrears of payment to any taxing authority;
- (m) if you cause or allow Hazardous Materials to be brought upon the Lands or incorporated into any of your assets without BDC's prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;
- (n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by BDC;
- (o) if BDC deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or
- (p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of BDC, without notice to you, BDC's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, BDC chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of BDC's rights under this clause in respect of any other default.

16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT

BDC may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of BDC's intention to exercise the remedy or remedies. If BDC chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting BDC's intention or to give you reasonable time for payment.

17. ENFORCEMENT

17.1 Enforcement. Upon the occurrence of an Event of Default BDC may declare any or all of the Secured Obligations immediately due and payable, and BDC's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

- (a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;

- (b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as BDC, in its our absolute discretion, may determine;
- (c) collect all Assigned Rents and other assets BDC holds as security for the Secured Obligations;
- (d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which BDC holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as BDC may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. BDC may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;
- (e) exercise any or all of your rights and remedies in respect of the Lands;
- (f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as BDC may determine, and in BDC's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but BDC shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;
- (g) exercise any other rights and remedies under this mortgage; or
- (h) exercise any other right and power a Receiver could exercise.

BDC shall not be liable for any debts BDC contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfilment of contracts during any period when BDC takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

17.2 Receiver. A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

- (j) take possession of and enter upon the Lands;
- (k) sell or lease or concur in selling or leasing of the Lands;
- (l) make any arrangement or compromise which it shall think expedient;
- (m) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and
- (n) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

17.3 Application of Proceeds. Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it, **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligations in such manner and order as we shall, in our absolute discretion, deem advisable and, **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

17.4 Appointment of Attorney. You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY

Once BDC has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as BDC may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, BDC's failure to maintain or insure the Lands, BDC's failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "BDC" includes the receiver).

Further, BDC may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that BDC considers advisable and no realization or exercise by BDC of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to BDC are cumulative and not restrictive of remedies at law and in equity and by statute.

19. RELEASES

You are and will not be released from any of your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of BDC releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of BDC releasing any security held to secure payment of the Secured Obligations. BDC is only accountable for money actually received by it in consideration of the release of any person or security.

20. INDULGENCES

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as BDC sees fit in its absolute discretion and without prejudice to your liability or BDC's rights or remedies. You agree that you will not be released nor your liability in any way reduced because BDC has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

21. SASKATCHEWAN LAW

Where land or leasehold land or both situate in the Province of Saskatchewan are, by a corporation, granted as security by this mortgage:

- (a) that *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act* of Saskatchewan, respecting this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of

BDC under this mortgage or any charge created by this mortgage as BDC is specifically exempted from the operation of that Act; and

- (b) that *The Limitation of Civil Rights Act of Saskatchewan* shall have no application to this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any mortgage or charge created by this mortgage.
- (c) that if it is an agricultural corporation, as defined in *The Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this mortgage, and agrees that the provisions of Part IV of *The Saskatchewan Farm Security Act*, other than Section 46, shall not apply to you.

22. ASSIGNS

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of BDC, its successors and its assigns.

23. BORROWER AUTHORITY

You hereby represent and warrant to BDC that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to BDC.

24. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

25. FURTHER ASSURANCES

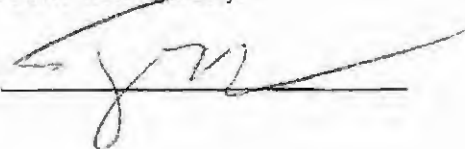
You shall execute and deliver to BDC upon request any further or additional documentation which BDC in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.

The Borrower has properly executed and sealed this mortgage on the day and year stated on the first page.



BECKERLAND FARMS INC.

by its authorized signatory:

per: 



MORTGAGE

MORTGAGOR: BECKERLAND FARMS INC.

the "Borrower",

MORTGAGEE: BUSINESS DEVELOPMENT BANK OF CANADA

"BDC",

DATED: the 15 day of Aug, 2014

FOR: \$3,600,000.00 (the "Principal Sum") and other indebtedness.

the Borrower, being or entitled to be registered as owner of an estate in fee simple (or such other estate as hereinafter provided) subject, however, to such encumbrances, liens, and interests, as are notified by memorandum underwritten (or endorsed hereon) that piece or pieces of land described as follows:

SEE ATTACHED SCHEDULE OF LAND

(the "Lands")

IN CONSIDERATION of the Principal Sum lent to the Borrower by BDC, incorporated by Special Act of the Parliament of Canada, having its head office at the City of Montreal, in the Province of Quebec, with a business centre at 320, 2220 12th Avenue, Regina, Saskatchewan S4P 0M8:

the receipt of which sum is hereby acknowledged, the Borrower hereby mortgages and charges its entire estate and interest in the Lands as security for repayment of the Secured Obligations, not to exceed \$3,600,000.00 together with interest and costs, and acknowledges and covenants with BDC, as follows:

1. DEFINITIONS

"you" and "your" refers to the Borrower and "we" and "us" refers to BDC.

"Secured Obligations" means the aggregate of all indebtedness and obligations of the Borrower to BDC as may arise pursuant to Article 2 of this mortgage.

"floating base rate" means the rate of interest declared from time to time and at any time by BDC from its head office in Montreal, Quebec, as its floating base rate of interest charged on Canadian dollar loans to its commercial customers.

2. DEBT

You promise to pay to BDC, at such office of BDC as we may direct, the aggregate of:

- (a) the Principal Sum outstanding from time to time;
- (b) all your other present or future debts, liabilities or obligations hereunder, or under any letter of offer, commitment letter, guarantee, or any other agreement, arrangement, document, or negotiable or other instrument, present or future, with or given to BDC (including those in replacement of, and any amendment of, any of the foregoing, and including all future advances and re-advances, protective disbursements, interest, and interest on overdue interest), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed by you to BDC, as principal, guarantor, indemnitor, surety or otherwise;
- (c) interest on the Principal Sum at an annual rate equal to the floating base rate of the announced from time to time plus 10.00% per year, calculated monthly and payable monthly, both after as well as before maturity, default and/or judgment (the "Interest Rate") provided that if you and BDC have agreed to a lower interest rate as to the Principal Sum or any particular Secured Obligations then that lower interest rate will apply thereto. In the absence of an agreement as to the interest rate applicable to any Secured Obligations the rate shall be the lesser of the Interest Rate and the highest rate of interest applicable to any of the Secured Obligations;
- (d) interest on interest past due at the Interest Rate and calculated in the same manner as interest on the Principal Sum; and
- (e) interest on each protective disbursement from the day the protective disbursement (as hereinafter defined) is made, at the Interest Rate and calculated in the same manner as interest on the Principal Sum.

3. READVANCES

It is our mutual intention that BDC may wish to make advances and re-advances to you up to an aggregate outstanding balance at any time equal to the Principal Sum. Accordingly, this mortgage shall be considered to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with the provisions dealing with same in, *The Land Titles Act or The Land Titles Act, 2000* of Saskatchewan. This mortgage is and shall be a continuing security to BDC for the repayment of all present and future amounts owing in respect of the Secured Obligations. Any portion of the Principal Sum may be advanced or re-advanced by BDC in one or more advances at any future date or dates and the amount of such advances and re-advances when so made shall be secured by this mortgage and shall be repayable with interest at the Interest Rate. This mortgage shall be deemed to be taken as security for the ultimate balance of the Secured Obligations. This mortgage shall not be void if the Secured Obligations have been repaid in full if such ability to borrow continues to be available to you. This mortgage shall be void only when the Secured Obligations have been repaid in full and BDC gives written notice to you that you will not be allowed to borrow further monies and there has been performance of all covenants, provisos and conditions herein contained. Notwithstanding that this mortgage may be deemed to be a revolving line of credit mortgage, there shall be no right of prepayment except as provided elsewhere in this mortgage.

4. SECURITY

As security for payment of the Secured Obligations, and for the performance of your other obligations under this agreement, you grant, bargain and sell to BDC the Lands (including fixtures, appurtenances, leasehold improvements and rights of way). This mortgage is void upon payment of the Secured Obligations and the performance of those other obligations. This mortgage is granted in addition to, and not in substitution for, any other security held to secure payment of the Secured Obligations.

5. FIXTURES

In this mortgage the expression "the Lands" includes fixtures and improvements, appurtenances, leasehold improvements and rights of way. All erections, buildings or improvements that now are or that shall hereafter be put or built upon the Lands shall be fixtures and be a part of the realty and form a part of this security even though

not attached to the Lands otherwise than by their own weight and shall not be removed during the continuance of this mortgage. Fixtures shall include without limitation, all trade fixtures, all heating, ventilating, air conditioning, plumbing and electrical systems and equipment comprised in the Lands, all safes, cooking, refrigeration and washing equipment on or in the Lands, all telecommunication and telephone equipment serving the Lands, and all maintenance equipment used in connection with the Lands.

6. MORTGAGE OF LEASE

If your interest is as a lessee, sub-lessee, licensee or sub-licensee (collectively a "lessee") of the whole or any portion of the Lands pursuant to a lease:

- (a) you hereby demise, sub-lease and mortgage your interest and the lease and any renewals, extensions or replacements of the lease to BDC, by way of a sub-lease, except for the last day of the term of the lease (the "reversion") which is excepted out of the charge created by this mortgage but which shall be deemed to be held by you in trust for BDC to be assigned or disposed of as BDC or anyone claiming through BDC may direct, and BDC shall have power on any realization to appoint a new person as Trustee of the reversion;
- (b) if the lease cannot be effectively charged without consent, any charge intended to be created by this mortgage upon your interest in the lease shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of such charge have been obtained or waived by all appropriate persons;
- (c) you represent to BDC that the lease is valid and in good standing, in full force and effect and unsurrendered, you have the right to mortgage your interest and the lease to BDC, all rents or other amounts payable under the lease have been paid and all other obligations under the lease, whether yours or the landlords, have been performed or complied with;
- (d) you will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by you under the lease, including payment of rent and the renewing of the lease;
- (e) you shall take no action or be guilty of any default which shall or may cause the lease to be terminated or forfeited, or, without BDC's prior written consent, surrender or give any notice which would have the effect of terminating, or permitting the termination of, the lease;
- (f) you will promptly notify BDC in writing of any default or of any condition that with or without the passage of time or the giving of any notice might result in a default under, or the termination of, the lease, and you will promptly cause a copy of each notice you receive under the lease to be delivered to BDC;
- (g) in the event that you, at any time or from time to time, extend the size of the leasehold land herein or increases the size of your equity in the leasehold land or become registered as owner or entitled to become registered as owner of the full fee simple then the mortgage of the leasehold land shall become enlarged to be a mortgage of the increased size of the mortgaged premises or of the increased size of the equity or of the full fee simple, as the case may be;
- (h) you will not during the continuance of this mortgage, without BDC's prior written consent, modify, alter or suffer or permit any modification or alteration of the lease and any such altered or modified lease shall be charged by this mortgage;
- (i) you will promptly obtain from the lessor under the lease and deliver to BDC, a certificate stating that the lease is in full force and effect, is unmodified or modified as the case may be, that no notice of termination thereon has been served on you thereunder, stating the date to which the rent has been paid and stating whether or not there are any defaults thereunder and specifying the nature of such defaults, if any;
- (j) you shall not consent to the subordination of the lease to any mortgage of the interest of the lessor (or leasehold interest of the sub-lessor) thereof in the Lands; and

- (k) you will at the proper time and times take such proceedings, and make, do and execute such acts, deeds, matters and things as may be requisite for obtaining a renewal of the lease.

7. MORTGAGE OF CONDOMINIUM UNIT

If the Lands include a condominium unit:

- (a) you shall comply with, observe and perform all provisions of the applicable condominium legislation, its regulations and the by-laws, rules and regulations of the condominium corporation (the "Condo Corporation") of which you are a member by virtue of your ownership of the condominium unit hereby charged;
- (b) you shall pay, on or before the due date thereof, each and every assessment, contribution, expense, fine or levy made by or on behalf of the Condo Corporation in respect of the Lands;
- (c) you will forward to BDC within 10 days of our demand a certificate in any form required by the applicable condominium legislation certifying that no monies are owing by you to the Condo Corporation;
- (d) you agree that nothing done by BDC in protecting its interests in the Lands, including without limiting the generality of the foregoing BDC exercising your right to vote as provided in the applicable condominium legislation generally, shall render BDC a mortgagee in possession;
- (e) if for any reason whatsoever you vote at any meeting of the Condo Corporation, you shall, if directed by BDC, vote in such manner as BDC directs with respect to each and every matter to be voted;
- (f) at least five days prior to each general meeting of the Condo Corporation, you shall deliver to BDC written notice of the meeting specifying the place, date, hour and purpose of the meeting;
- (g) you hereby authorize any of BDC's officers to apply at any time and from time to time during the term of this mortgage to the Condo Corporation to deliver to BDC copies of all notices, financial statements and other documents given or available to you from the Condo Corporation; and
- (h) in the event of any occurrence or event whereby BDC, acting reasonably, has determined that any act or the operation of the Condo Corporation is, has or will diminish the value of Lands as security for the Secured Obligations, BDC shall be at liberty to demand immediate repayment of the Principal Sum.

8. MORTGAGE OF VENDOR'S INTEREST IN RIGHT TO PURCHASE

If your interest in the Lands includes the full fee simple subject to a right to purchase (in this clause called the "Right to Purchase"):

- (a) you transfer and assign to BDC absolutely all of your right, title and interest in and to the Right to Purchase and the monies now and hereafter owing thereunder, together with the full benefit of all powers and all covenants and provisions in the Right to Purchase, and full power and authority to use your name for enforcing the performance of the covenants and other matters and things contained in the Right to Purchase; and
- (b) you shall not accept any prepayment of the Right to Purchase other than in accordance with the terms thereof, provided that, if you are obliged to accept a prepayment, the amount thereof shall be paid to us as a prepayment on account of the Secured Obligations unless we waive such prepayment; and
- (c) we shall be under no obligation to commence action or take any proceeding or step to enforce the Right to Purchase and shall not be liable for any loss arising from any omission by us to take any such action, proceeding or step.

9. COVENANTS

You covenant with BDC that:

- (a) you will keep all the Lands in good repair and shall not allow waste in respect of the Lands, not to allow the Lands to be or remain vacant and to immediately notify BDC of any damage to the Lands;
- (b) you have good title in fee simple to the Lands, other than those lands that are expressed herein to be held in leasehold, and the right to convey the Lands as hereby conveyed;
- (c) you have done no act to encumber the Lands, except as set out herein;
- (d) you will execute or provide such further assurances as BDC may reasonably require and shall do so at your expense;
- (e) you shall discharge any debt or obligation that may be the subject of a demand upon BDC or an agent of BDC in the event that BDC enforces one of the remedies;
- (f) you shall pay all rents, taxes, rates, levies, assessments and impositions, government, municipal or otherwise which are now or may hereafter be levied, charged, assessed, imposed or payable against or in respect of the Lands, as and when due and produce to BDC the receipts for those payments;
- (g) you will pay and discharge all claims and obligations to labourers, mechanics and material men and others and all other claims, debts and obligations which by the law of Canada or any Province thereof have or might have priority over the security hereby created, and produce to BDC the receipts.
- (h) you, if a corporation, have taken all necessary corporate action to authorize the execution of this mortgage and to bind yourself to each of the terms of this mortgage and you shall maintain your corporate existence;
- (i) on default BDC may enter and have quiet enjoyment of the Lands;
- (j) you shall do all acts necessary to give BDC access from time to time to the Lands;
- (k) you shall carry on, in a proper business-like manner, the business or businesses you have represented to BDC as being your present or prospective businesses, and shall maintain in good standing all necessary licenses, permits, approvals and consents, and shall comply with all laws, regulations and ordinances applicable to your business.
- (l) you will not change, or agree to any change of, the present use of the Lands without BDC's prior express written consent;
- (m) you will not permit any of the following activities to occur on the Lands:
 - businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
 - businesses trading with countries that are proscribed by the Federal Government;
 - businesses which operate as a separate and sole entity nightclubs, bars, lounges, cabarets, casinos, discotheques and similar operations; or
 - businesses that are engaged in or associated with illegal activities.

You also agree that if your business or the business of a tenant of yours fails to comply with this paragraph at any time that will constitute an Event of Default. Any leases of the Lands you may, as landlord, enter into should have a clause to this effect.

10. EXPROPRIATION

If an early payout of the Secured Obligations is caused by an act any act of expropriation, including but not limited to expropriation proceedings or sale of the Land under *The Builders' Lien Act* of Saskatchewan:

- (a) You hereby assign to BDC such portion of any proceeds which becomes due and payable to you by an expropriating authority upon such expropriation equal to the difference, if any, between all Secured Obligations at the date of the expropriation, and the compensation payable or paid to BDC for the expropriation of its interest in the Lands by the expropriating authority.
- (b) You shall forward to BDC copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof forthwith upon receipt of the said documentation by it.
- (c) Notwithstanding anything to the contrary contained herein, if you or BDC receives notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of BDC, the whole of the Secured Obligations (including principal, interest and compensation payments) under this mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired.
- (d) Service of a copy of this mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to BDC in accordance with the terms of the assignment contained herein.

11. ALTERATIONS

Except for any construction contemplated by this mortgage, you shall not make or permit to be made any additions or alterations to the Lands without the written consent of BDC being first obtained; and you shall not use the Lands or permit the Lands to be used, without BDC's written consent, for a purpose other than that disclosed to BDC in the application for this mortgage. If, with BDC's written consent, you commence work on the Lands, the following will apply:

- (a) You will carry on diligently to completion the construction of the development, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations; and, when so required by BDC, supply BDC with confirmation from any such municipal or governmental authority of such compliance and confirmation from an independent engineer or architect as may be designated by BDC that construction is being completed in accordance with such requirements; it being understood and agreed that BDC, by reason of its approval of any Plans and Specifications shall not be liable to you or any third party for the safety, adequacy, soundness or sufficiency of the development or the Plans and Specifications;
- (b) If any part of the development remains unfinished and without any work being done for a period of ten consecutive days, BDC may enter the Lands and do all work necessary to protect such work from deterioration and to complete the construction in such manner as BDC may see fit, and any monies expended by BDC pursuant to this paragraph shall constitute part of the Secured Obligations;
- (c) BDC shall be entitled, at your expense, to inspect all aspects of the construction and make tests of materials and you will not cover any portion of the construction work requiring inspection by BDC until BDC has inspected the same and any defects in the construction or variation in construction as reported to BDC by its consultants shall be promptly corrected by you to the satisfaction of BDC;
- (d) You will pay, or cause to be paid as soon as the same are due, all claims and demands of contractors and materialmen and all wages, salaries, holiday pay, Workers' Compensation assessments or other charges of any nature or kind (hereinafter called "Charges") which could in any circumstances constitute a lien or charge having priority over this mortgage or any future advance on this mortgage and you will from time to time, on demand, provide BDC with such books, payrolls or other records, receipts, certificates and

declarations as BDC may deem necessary to satisfy itself that such Charges have been paid as soon as the same are due; and,

- (e) BDC shall not be obliged to hold back advances or any portion of advances to provide the lien fund or other protection to you under *The Builders' Lien Act* of Saskatchewan; provided that if BDC makes a holdback in a manner similar to the way the said Act provides for an owner to make holdbacks, then notwithstanding such holdbacks by BDC, such holdbacks shall not constitute the lien fund under the said Act and BDC shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

12. INSURANCE

While this mortgage is in effect you will:

- (d) maintain or cause to be maintained insurance on the Lands with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require;
- (e) cause the insurance policy or policies required by this mortgage to name BDC as a loss payee as BDC's interest may appear in respect of the Lands, and include a standard mortgage clause as approved by the Insurance Bureau of Canada;
- (f) pay all premiums respecting such insurance, and deliver all policies to BDC if required;
- (g) upon request, immediately assign, transfer and deliver over to BDC each and every policy or policies of insurance and all receipts pertaining to same;
- (h) on the happening of any loss or damage to the Lands, immediately notify and furnish to BDC, at your expense, all necessary proofs and do all necessary acts to enable BDC to obtain payment of any insurance monies otherwise payable to you, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf, and
- (i) authorize and direct the insurer under any required policy of insurance to include BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by us to any insurer of a certified copy of this mortgage shall be its complete authority for so doing.

If you fail to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC considers necessary for the protection of BDC's interest. If proceeds of any required insurance become payable, BDC may, in its absolute discretion, hold such funds as security for the Secured Obligations, apply the proceeds to the Secured Obligations as BDC sees fit or release any insurance proceeds to you to repair, replace or rebuild, but any release of insurance proceeds to you shall not operate as a payment on account of the Secured Obligations or in any way affect this mortgage or the charges created hereby. To ensure that we may apply such insurance monies in the manner herein contemplated, you also assign and release to us all of your rights to receive the insurance monies and expressly waive all your rights and benefits under *The Insurance Act* and the *Fire Prevention (Metropolis) Act 1774* each as amended or replaced from time to time.

13. ENVIRONMENTAL MATTERS

13.1 Definitions

For the purposes of this article 13:

- (a) **"Environmental/Hazardous Materials Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party

against you or in respect of the Lands relating to the environment, health, safety, any Wastes/Hazardous Materials or any Environmental/Hazardous Materials Laws;

- (b) **"Environmental/Hazardous Materials Laws"** means laws, by-laws, rules, ordinances, regulations, notices, approvals, orders, licenses, permits, standards, guidelines and policies from time to time of an Environmental Authority relating to the environment, health, safety or any Wastes/Hazardous Materials;
- (c) **"Hazardous Materials"** means wastes, materials and substances the storage, manufacture, disposal, treatment, generation, use or transport of which is prohibited, controlled or licensed under any Environmental/Hazardous Materials Laws, or the remediation or release of which into the environment is likely, immediately or in the future, to cause harm or degradation to any of the Lands or the environment, including contaminants, pollutants, corrosive substances, toxic substances, special wastes, substances deleterious to fish or wildlife, explosives, radioactive materials, asbestos, urea formaldehyde, and compounds known as chlorobiphenyls.
- (d) **"Environmental Authority"** means any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials with appropriate jurisdiction over the Lands or your activities or both, as the case may be; and
- (e) **"Environmental Risks"** means any risk of liability, culpability or obligation of remediation under Environmental/Hazardous Materials Laws applicable to either or both the Lands or yourself.

13.2 Environmental Representations

You represent, warrant, covenant and promise to BDC that:

- (a) The Lands are free of any and all Environmental Risks and you are not aware of any Environmental Risks which have not been disclosed to BDC and approved by BDC in writing.
- (b) The Lands do not contain any Hazardous Materials whatsoever, and no Hazardous Materials have ever been released into the environment as a result of any of the activities conducted on the Lands.
- (c) You possess and will maintain all environmental licenses, permits and other approvals from Environmental Authority as may be necessary for the continued conduct of your business. All operations on the Lands are and will be kept in compliance with all such environmental licenses, permits and other approvals, and Environmental/Hazardous Materials Laws and, all future usage of the Lands will be limited to environmentally acceptable activities in compliance with all Environmental/Hazardous Materials Laws, it being agreed without limiting the generality of the above, you will not install in, on or under the Lands storage tanks for any Hazardous Materials without BDC's prior written consent and only upon full compliance with BDC's requirements and the standards and requirements of all boards and governmental authorities having jurisdiction over the Lands and your activities and assets.
- (d) You will advise BDC immediately upon becoming aware of any Environmental Risks.
- (e) There are no claims, actions, investigations, liens, prosecutions, notices, work orders, control orders, stop orders or directives, written or oral ("Orders") of any kind issued or pending by any Environmental Authority with respect to any of your activities, or any of your property, past or present, as they relate to any and all Environmental/Hazardous Materials Laws; and there are no circumstances, current or contemplated, which might give rise to such Orders and you will provide BDC with copies of all communications from or to any person relating to Environmental/Hazardous Materials Laws and any Environmental/Hazardous Materials Claims in connection with the Lands that become known to you, and all environmental studies or assessments prepared for you, and you consent to BDC contacting and making enquiries of environmental officials or assessors.

- (f) You have an environmental emergency response plan and all your officers and employees are familiar with that plan and their duties under it. You will ensure your staff is trained as required for such purpose and for all purposes relating to the use, handling and storage of Hazardous Materials.
- (g) You will from time to time and at any time required by BDC, provide evidence satisfactory to BDC that you and the Lands are compliant with all Environmental/Hazardous Materials Laws, and, if BDC considers it necessary, cause such inspections, reports and audits and provide the results thereof to BDC as it may require. You shall pay the entire cost of any such inspections, reports and audits of the Lands, and such inspections, reports and audits shall be performed by a duly licensed engineer acceptable to BDC. The scope of any environmental audit shall be at BDC's sole discretion, and the auditor performing or conducting the environmental audit shall be granted full access to the Lands to perform or conduct any testing or investigation deemed necessary by the auditor in the auditor's sole discretion.

13.3 Environmental Repair

You will, at your sole cost and expense, comply, and cause all of your tenants, agents and invitees to comply, with all Environmental/Hazardous Materials Laws and with all permits and licenses issued by any Environmental Authority with respect to the storage, discharge and removal of Hazardous Materials, and you shall pay, immediately when due, the cost of removal of any such Hazardous Materials. You shall pay the cost of any improvements necessary to deal with such Hazardous Materials and shall keep the Lands free and clear of any lien imposed pursuant to any law including all Environmental/Hazardous Materials Laws. If you fail to do so, BDC may, after notice to you and the expiration of the earlier of:

- (a) any applicable cure period under this mortgage charge; or
- (b) the cure period under the applicable law, rule, regulation or order;

without any responsibility or liability in connection therewith, enter upon the Lands and do the work required and the cost thereof will be added to the Secured Obligations and become immediately due and payable, or alternatively at the option of BDC, may declare this mortgage to be in default.

13.4 Environmental Assessments and Audits

It is expressly understood that BDC has no responsibility to monitor your compliance or to take any action in the event of non-compliance. You will provide to BDC copies of any and all environmental reports or studies in respect of the Lands that you receive or possess from time to time.

13.5 Exclusion of Liability

No action taken by BDC in doing remedial work or repairs or in conducting assessments, audits, appraisals or inspections as provided in this Article shall constitute BDC as a mortgagee in possession and BDC by taking any such action shall not be considered to have care, management or control of the Lands; it being expressly understood that you have complete responsibility to ensure compliance with all Environmental/Hazardous Materials Laws and BDC's right to monitor such compliance shall not be construed as a responsibility to ensure such compliance.

13.6 Indemnity

You hereby indemnify BDC, its officers, directors, employees, agents, shareholders and members, and agrees to hold each of them harmless, from and against any and all losses, liabilities, damages, costs, demands, expenses and claims of any and every kind whatsoever relating to any breach or non-compliance with Environmental/Hazardous Materials Laws by yourself or by your directors, officers, servants, agents, tenants or invitees, or relating to any Hazardous Materials handled, placed, held, located or disposed of on or in the Lands or related to any claims or proceedings (whether by civil action or related to any enforcement or recovery action under statute or regulation) for injury or damage to person or property from or relating directly or indirectly to the

use, presence, handling, disposal, escape or release of any Hazardous Materials on or from the Lands. Such indemnity includes, without limitation, indemnity against:

- (a) all costs (including legal expenses on a solicitor and his own client basis) of defending, counterclaiming and/or claiming against you or any third parties in respect of any such action or matter;
- (b) all costs of every kind and nature whatsoever incurred by BDC directly in order, either, to comply with Environmental/Hazardous Materials Laws or to remediate the Lands to comply with Environmental/Hazardous Materials Laws; and
- (c) any and all costs, liabilities, claims or damages arising out of a settlement of any action entered into by BDC with or without your consent, which at any time or from time to time may be paid, incurred or asserted against any of the parties indemnified hereby for, with respect to, or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any land, the atmosphere, or any water course, body of water or wetland, of any Hazardous Materials.

This indemnity shall survive foreclosure or judicial sale (including by "Rice Order") of the Lands and any other exercise of BDC's rights hereunder or under any security collateral hereto.

14. POWERS AND PROTECTIVE DISBURSEMENTS

BDC and any of its agents, may at such time and from time to time, as BDC deems necessary and without the concurrence of any person, enter upon any part of the Lands and make arrangements for completing the construction, repairing or putting in of improvements, or for inspecting, appraising, taking care of, leasing, collecting the rents of, and generally managing any or all of your interest, as BDC may deem expedient, and BDC may, without notifying you, purchase any material or service and make any payments to preserve, protect or enhance the Lands or to remedy any default by you in respect of any promise or covenant contained in this mortgage and, without restricting the generality of the foregoing, BDC may:

- (a) retire fees, expenses and borrowings of a receiver;
- (b) acquire insurance against direct damage, liability to third parties or any other risk associated with the Lands on such terms and at such limits as BDC may find advisable;
- (c) discharge any lien, mortgage or encumbrance which, in the opinion of BDC, has priority over this mortgage;
- (d) improve the title of BDC or of any purchaser of the Lands who purchases them through a sale having the effect of foreclosing your interest in the Lands or who purchases them from BDC after your interest in the Lands has been foreclosed;
- (e) discharge any debt or obligation which BDC may find should be discharged in order to better market, sell or protect the Lands;
- (f) cause the Lands to be inspected, investigated (including environmental audits), appraised, surveyed or subdivided;
- (g) cause your books and records to be audited and the financial health of your business to be investigated;
- (h) retire the fees, commissions or expenses of any agent retained by BDC to market the Lands;
- (i) retire all costs and expenses, including legal fees on a solicitor and client basis, in relation to the preparation, execution and delivery of this mortgage and any amendment or discharge of it, in relation to the collection of any amount due hereunder and in relation to the enforcement of any remedy including the

actual fees and expenses of solicitors who act on behalf of BDC in proceedings for the appointment of a receiver, foreclosure, foreclosure and sale, judicial sale, sale by power of sale or possession of the Lands;

- (j) pay the fees and expenses of a trustee in Bankruptcy of the Borrower, should BDC determine to make itself liable for such;
- (k) retire all costs and expenses including fees on a solicitor and client basis in respect of any suit concerning this mortgage, any lands that may be mortgaged hereunder, BDC's title to the Lands, or the priority of BDC's interest in the Lands;
- (l) cause any environmental rehabilitation, investigation, removal or repair necessary to protect, preserve or remediate the Lands; and
- (m) contact and make inquiries of the your lessors/lessees, as well as environmental officials, assessors, municipal authorities and any taxing body.

A purchase or payment mentioned in this clause is referred to in this mortgage as a "protective disbursement". BDC is not obliged to make any protective disbursement. All protective disbursements, including solicitor and client fees and expenses upon foreclosure and sale, are secured by this mortgage and are payable out of the proceeds of the exercise of any remedy notwithstanding that BDC's liability for the protective disbursement arises after or is discharged after a sale of the mortgaged property.

15. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

- (a) if you fail, or threaten to fail, to observe or perform any covenant, agreement, condition or obligation in BDC's favour, whether or not herein contained, including your failure to pay or perform any of the Secured Obligations when due;
- (b) if any representation, warranty or statement made to BDC either by you or on your behalf and whether or not contained herein or elsewhere, is not or ceases to be true;
- (c) If you, or any other person (the "obligant") liable, in respect of any of the Secured Obligations, ceases or threatens to cease to carry on business, as the case may be, or any material part thereof or to sell all or substantially all of your or the obligant's assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for your, or the obligant's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of debts or any protection from your or the obligant's creditors
- (d) if you are in default under any other charge of the Lands or under any indebtedness other than Secured Obligations, or you permit the acceleration of any indebtedness (other than Secured Obligations) owed by you to any creditor other than BDC;
- (e) if a Receiver, trustee or similar official of any of your property is appointed;
- (f) if you are a corporation and any member or shareholder commences an action against you or gives notice of dissent to you in accordance with the provisions of any applicable legislation;
- (g) the holder of any other charge on, or claim against, any of the Lands does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against you, or if a distress, seizure or similar process is levied upon or exercised against any of the Lands;

- (h) if the lessor under any lease to you of any of the Lands takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by you under such lease;
- (i) if any of the Lands are destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;
- (j) if any permit, licence, certification, quota or order granted to or held by you is cancelled, reduced or revoked, or any order against you is enforced, with the effect of preventing your business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of your business;
- (k) if you sell, transfer, convey, lease, assign, release, surrender or otherwise disposes of or parts with possession of any of the Lands or agrees to do so;
- (l) if you are in arrears of payment to any taxing authority;
- (m) if you cause or allow Hazardous Materials to be brought upon the Lands or incorporated into any of your assets without BDC's prior consent, or if you cause, permit or fail to remedy any environmental contamination upon, in or under the Lands or fails to comply with any abatement or remediation order given by a responsible authority;
- (n) if you use any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by BDC;
- (o) if BDC deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse; or
- (p) if there is a deemed Event of Default pursuant to this mortgage.

Upon the occurrence of an Event of Default, at the option of BDC, without notice to you, BDC's security shall immediately become enforceable and all of the money hereby secured remaining unpaid shall become due and payable. If, in respect of a default, BDC chooses not to exercise the option hereby given to it or waives its right to call in the balance of the loan, such does not constitute a waiver of BDC's rights under this clause in respect of any other default.

16. NOTICE RESPECTING DEFAULT AND ENFORCEMENT

BDC may exercise any remedy or remedies immediately upon the occurrence of an Event of Default, without making a demand for payment or giving time for payment or notifying you of BDC's intention to exercise the remedy or remedies. If BDC chooses to notify you of such an intention or to demand payment, it shall not thereby be taken to have waived its rights under this clause or to have subjected itself to a duty to give reasonable notice to you respecting BDC's intention or to give you reasonable time for payment.

17. ENFORCEMENT

17.1 Enforcement. Upon the occurrence of an Event of Default BDC may declare any or all of the Secured Obligations immediately due and payable, and BDC's security will immediately become enforceable. To enforce and realize on the charges created hereby we may take (or refrain from taking) any action permitted by law or in equity as we may deem expedient, including any of the following:

- (a) enter upon, take possession of, occupy, use, preserve and protect the Lands, with power to exclude you, your agents and employees therefrom and may inspect, use, operate, manage, lease and control the Lands and conduct the business thereof;

- (b) maintain, repair, replace and complete any development of the Lands in accordance with existing plans or otherwise as BDC, in its our absolute discretion, may determine;
- (c) collect all Assigned Rents and other assets BDC holds as security for the Secured Obligations;
- (d) sell, lease or otherwise dispose of all or part of the Lands and other assets of yours over which BDC holds security, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions as BDC may consider reasonable, provided that if any sale, lease or other disposition is on credit you will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received. No purchaser shall be bound to inquire into the legality or propriety of any such sale or be affected by notice of any irregularity or impropriety. BDC may take sale proceedings hereunder even if other mortgage proceedings have been taken or are pending;
- (e) exercise any or all of your rights and remedies in respect of the Lands;
- (f) as your agent, appoint by instrument a Receiver of the Lands and of all your properties, assets, effects and undertakings related to or arising out of the Lands with or without bond as BDC may determine, and in BDC's absolute discretion and from time to time, remove any Receiver so appointed and appoint another in its stead, but BDC shall be under no liability for the remuneration, acts or omissions of the Receiver, its employees and agents;
- (g) exercise any other rights and remedies under this mortgage; or
- (h) exercise any other right and power a Receiver could exercise.

BDC shall not be liable for any debts BDC contracts during enforcement of this mortgage, for damages to persons or property, salaries or non-fulfilment of contracts during any period when BDC takes any action referred to above, for any misconduct, negligence or misfeasance by us, or any employee or agent of ours, and neither the provisions of this mortgage nor the exercise of any of the powers provided in this mortgage shall render us a mortgagee in possession, and we shall not be accountable except for the monies we actually receive. You waive any provision of law which may be waived which imposes any greater obligations on us than described above.

17.2 Receiver. A Receiver appointed pursuant to this mortgage shall be your agent and not ours, and, to the extent permitted by law or its appointment, shall, in our discretion, have all of our rights and powers (including those under this mortgage), including the power to:

- (j) take possession of and enter upon the Lands;
- (k) sell or lease or concur in selling or leasing of the Lands;
- (l) make any arrangement or compromise which it shall think expedient;
- (m) carry on, or concur in the carrying on of, any development then in progress or otherwise contemplated by you with respect to the Lands or your business relating to the Lands and for such purposes from time to time to borrow money either secured or unsecured, and if secured by security on the whole or any part of the Lands, such security may rank before or pari passu with or behind this mortgage; and
- (n) commence, continue or defend proceedings in the name of the Receiver or in your name, which the Receiver considers necessary or advisable for the proper protection of the whole or any portion of the Lands or the enforcement of this mortgage.

We may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the proceeds of the receivership. The rights and powers conferred by this paragraph are in addition and not in substitution for any right we may from time to time possess.

17.3 Application of Proceeds. Any money from time to time received by the Receiver shall, subject to the claims of creditors, if any, which are secured by any Charges ranking in priority to this mortgage, be paid, subject to our direction otherwise, by it, **Firstly**, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by it of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by it, **Secondly**, in or towards payment to us of the amounts comprised in the Secured Obligations in such manner and order as we shall, in our absolute discretion, deem advisable and, **Thirdly**, any surplus shall be paid to you provided that in the event any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or any portion of the surplus as the Receiver deems appropriate in the circumstances.

17.4 Appointment of Attorney. You irrevocably appoint us or the Receiver, as the case may be, with full power of substitution, as your attorney for and in your name to do everything necessary or incidental to the exercise of any or all of the powers conferred on us or the Receiver, as the case may be, pursuant to this mortgage.

18. LIABILITY RESPECTING ENFORCEMENT OF SECURITY

Once BDC has determined to exercise a remedy or remedies, it may deal with and dispose of the Lands as BDC may see fit and neither you nor those claiming by, though from or under you shall maintain any action, advance any claim or rely on any set-off by reason of the order of enforcement of remedies against parts of the Lands, the abandonment or discharge of the Lands or part of them, BDC's failure to maintain or insure the Lands, BDC's failure to secure an adequate price for the Lands or anything relating to the manner in which the Lands are dealt with or disposed of (in this clause "BDC" includes the receiver).

Further, BDC may, in its sole discretion, realize on various securities (including this mortgage) and any parts thereof in any order that BDC considers advisable and no realization or exercise by BDC of any power or right under this mortgage or other security shall in any way prejudice any further realization or exercise until all Secured Obligations are satisfied. All rights and remedies available to BDC are cumulative and not restrictive of remedies at law and in equity and by statute.

19. RELEASES

You are and will not be released from any of your obligations to pay the Secured Obligations nor is any security held to secure the Secured Obligations released by reason of BDC releasing any person who may be obligated to pay the Secured Obligations or any part of them, or by reason of BDC releasing any security held to secure payment of the Secured Obligations. BDC is only accountable for money actually received by it in consideration of the release of any person or security.

20. INDULGENCES

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compromise, make settlements, grant releases and discharges, refrain from registering or maintaining registration of charges, and otherwise deal with you, any other obligant, your other creditors, sureties and other persons and with the Lands and other security, all as BDC sees fit in its absolute discretion and without prejudice to your liability or BDC's rights or remedies. You agree that you will not be released nor your liability in any way reduced because BDC has done, not done, or concurred in doing or not doing, anything whereby a surety would or might be released in whole or in part.

21. SASKATCHEWAN LAW

Where land or leasehold land or both situate in the Province of Saskatchewan are, by a corporation, granted as security by this mortgage:

- (a) that *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act* of Saskatchewan, respecting this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of

BDC under this mortgage or any charge created by this mortgage as BDC is specifically exempted from the operation of that Act; and

- (b) that *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this mortgage, any mortgage, charge or other security for the payment of money made, given or created by this mortgage, any agreement or instrument which renews or extends or is collateral to this mortgage, or the rights, powers or remedies of BDC under this mortgage or any mortgage or charge created by this mortgage.
- (c) that if it is an agricultural corporation, as defined in *The Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this mortgage, and agrees that the provisions of Part IV of *The Saskatchewan Farm Security Act*, other than Section 46, shall not apply to you.

22. ASSIGNS

This mortgage is binding upon you and your successors, assigns, heirs, executors and administrators and is granted to and for the benefit of BDC, its successors and its assigns.

23. BORROWER AUTHORITY

You hereby represent and warrant to BDC that you are duly and appropriately authorized and empowered to grant this mortgage, incur the Secured Obligations and observe, adhere to and perform (as the case may be) all of your obligations, promises and covenants under this mortgage without either breach or default under any other obligation (whether imposed by law or by contract) or promise made by you or any further consent or approval of any person, party, authority or regulator; and, further, that this mortgage constitutes a valid and binding obligation on your part to BDC.

24. GENDER AND NUMBER

The use in this mortgage of the neuter gender includes the masculine and the feminine; the use of the plural includes the singular; the use of the singular includes the plural.

25. FURTHER ASSURANCES

You shall execute and deliver to BDC upon request any further or additional documentation which BDC in its sole discretion deems necessary to give full effect to this mortgage and each and every provision contained in this mortgage.

The Borrower has properly executed and sealed this mortgage on the day and year stated on the first page.



BECKERLAND FARMS INC.
by its authorized signatory:

per. _____

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

SCHEDULE OF LAND

SURFACE PARCEL #203043114

**REFERENCE LAND DESCRIPTION: BLK/PAR A PLAN NO 102173701
EXTENSION 0**



POSTPONEMENT OF CLAIM

DATED: August 15, 2014

BETWEEN: **FLAMAN SALES LTD.** (the "Creditor")

AND: **BUSINESS DEVELOPMENT BANK OF CANADA** ("BDC")

AND: **BECKERLAND FARMS INC.** (the "Borrower")

WHEREAS the Borrower is indebted to the Creditor in the sum of \$500,000.00 (the "Debt");

AND WHEREAS in the negotiation of a loan of \$4,740,000.00 (the "Loan") made or to be made by BDC in favour of the Borrower, the Creditor agreed to postpone to BDC the Debt;

AND WHEREAS it is and was a condition of the making of the Loan that the Debt be so postponed.

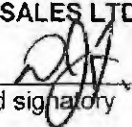
NOW THIS AGREEMENT WITNESSETH that in consideration of BDC making the Loan or any part thereof to the Borrower and in consideration of the premises the Creditor agrees with BDC that any claim of BDC in respect of the Loan shall take precedence over and be fully paid in priority to the Debt, and repayment thereof is hereby expressly postponed in favour of BDC; and that the Creditor at the request of BDC shall postpone in favour of BDC, all its or his right, title and interest in any security in respect of the Debt postponed by these presents; and the Creditor will not, so long as the Borrower is indebted to BDC in respect of the Loan, demand payment, either in whole or in part, of the Debt, nor pledge nor transfer to any person any of the rights of the Creditor in respect of the Debt; provided, however, that so long as the Borrower is not in default under the terms of the Loan, interest on the Debt may be paid to the Creditor at a rate not exceeding 20% per annum;

BDC may grant time, renewals, extensions, releases and discharges to, accept compositions from, and otherwise deal with the Borrower as BDC may see fit without notice to the Creditor and without prejudice to, or in any way limiting or affecting the undertaking of the Creditor under this agreement;

This agreement shall extend to and be binding upon the Creditor and his heirs, executors, administrators and assigns or its successors and assigns.

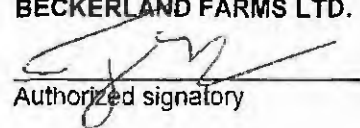
Executed and Delivered by the Creditor by its authorized signatory:

FLAMAN SALES LTD.


Authorized signatory

Executed and Delivered by the Borrower by its authorized signatory:

BECKERLAND FARMS LTD.


Authorized signatory



GUARANTEE

THIS IS EXHIBIT "E" REFERRED TO
IN THE AFFIDAVIT OF JENNIFER KOH
SWORN BEFORE ME AT THE CITY OF
VANCOUVER, IN THE PROVINCE
OF BRITISH COLUMBIA

THIS 27 DAY OF June, 2019.

Adam Bork
A NOTARY PUBLIC AND FOR THE
PROVINCE OF BRITISH COLUMBIA

My appointment expires N/A
OR being a solicitor.

GUARANTOR: Tyson Steven Becker the "Guarantor"

CREDITOR: Business Development Bank of Canada "BDC"

DEBTOR: Beckerland Farms Inc the "Borrower"

DEBT: \$4,740,000.00 the "Principal Sum"

LIMIT OF LIABILITY: \$500,000.00 the "Limited Amount"

DATED: Aug. 15, 2014

BDC BUSINESS CENTRE: Saskatchewan (Province/Territory) the "Governing Jurisdiction"

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

1. DEBT AND SECURITY

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

2. GUARANTEE

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

3. LIABILITY AS PRINCIPAL DEBTOR

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;

- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

5. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

6. RELEASE

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

7. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

9. CHANGES MUST BE IN WRITING

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

10. JOINT AND SEVERAL LIABILITY

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

11. JURISDICTION

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

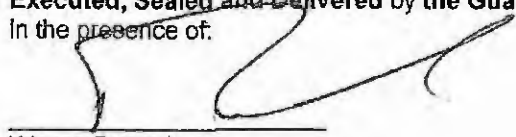
12. **ASSIGNS**

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

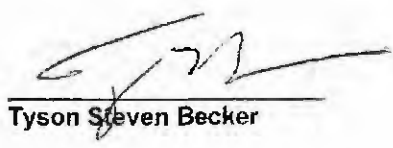
13. **COUNTERPARTS**

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

Executed, Sealed and Delivered by the Guarantor
In the presence of:



Wayne Rusnak
Barrister & Solicitor
7 Broadway Street East
Yorkton SK S3N 2X3

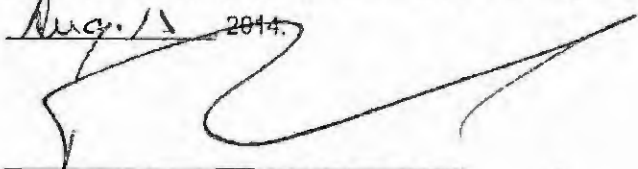


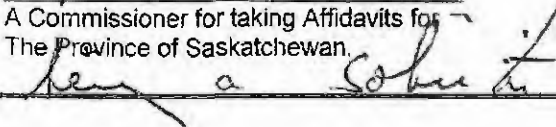
Tyson Steven Becker

FOR MAKER OF A DEED

I CERTIFY that on Aug 15, 2014, at Yorkton, Saskatchewan, Tyson Steven Becker, who is personally known to me, appeared before me and acknowledged to me that he is the person mentioned in the annexed instrument as the maker thereof, and whose name is subscribed thereto as party thereof, that he knows the contents thereof, and that he executed the same voluntarily, and is of the full age of nineteen years.

IN TESTIMONY WHEREOF I have hereunto set my hand and seal of office at Yorkton, Saskatchewan, on

Aug. 15 2014.


A Commissioner for taking Affidavits for
The Province of Saskatchewan.




GUARANTEE

GUARANTOR: Tyland Management Group Inc. the "Guarantor"

CREDITOR: Business Development Bank of Canada "BDC"

DEBTOR: Beckerland Farms Inc. the "Borrower"

DEBT: \$4,740,000.00 the "Principal Sum"

LIMIT OF LIABILITY: Unlimited the "Limited Amount"

DATED: Aug. 15 2014

BDC BUSINESS CENTRE: Saskatchewan
(Province/Territory) the "Governing Jurisdiction"