

This is Exhibit "A" referred to in the Affidavit of Glen Ferguson. Sworn before me this 5th day of May, 2014.

Gavin Keel
A Commissioner for Oaths for Saskatchewan. My appointment expires Apr 30, 2015
or Being a Solicitor

FORM OF PROOF OF CLAIM

**PROOF OF CLAIM
AGAINST LEMARE HOLDINGS LTD., LEMARE LAKE LOGGING LTD., LONE
TREE LOGGING LTD., C. & E. ROADBUILDERS LTD., COAST DRYLAND
SERVICES LTD., DOMINION LOG SORT LTD. AND CENTRAL COAST
INDUSTRIES LTD.**

(hereinafter referred to collectively as the "Petitioners")

Please read the enclosed Instruction Letter carefully prior to completing this Proof of Claim. Defined terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Claims Process Order dated October 26, 2012, as may be amended, restated or supplemented from time to time.

Particulars of Creditor

(a) Please complete the following:

Full Legal Name: <i>(Full legal name should be the name of the original Creditor, regardless of whether an assignment of a Claim, or a portion thereof, has occurred prior to or following the Filing Date.)</i>	626309 Saskatchewan Ltd.
Full Mailing Address: <i>(Full Mailing Address should be that of the Creditor, not of the Assignee.)</i>	3341 Mine Road Port McNeill, British Columbia V0N 2R0
Telephone Number:	(250) 335-1154; (306) 874-2823
Facsimile Number:	(250) 956-4888
E-mail address:	twinoaks@hotmail.com
Attention (Contact Person):	David C. Dutcyvich

(b) Has the Claim been sold, transferred or assigned by the Creditor to another party (an "Assignee")?

Yes: [X]

No: []

2. Particulars of Assignee(s) (if any):

(a) Please complete the following if all or a portion of the Claim has been assigned. Insert full legal name of assignee(s) of the Claim. If there is more than one assignee, please attach a separate sheet with the required information:

Full Legal Name of Assignee(s):	Concentra Financial Services Association and Concentra Trust
Full Mailing Address of Assignee(s):	See attached Schedule
Telephone Number of Assignee(s):	See attached Schedule
Facsimile Number of Assignee(s):	See attached Schedule
E-mail address of Assignee(s):	See attached Schedule
Attention (Contact Person):	See attached Schedule

Proof of Claim:

I, Glen Ferguson, of the City of Regina, in the Province of Saskatchewan, do hereby certify that I am an Associate Vice-President of Concentra Financial Services Association, which is a Creditor, and have knowledge of all the circumstances connected with the Claim referred to below; and

I, Mardell Twamley, of the City of Saskatoon, in the Province of Saskatchewan, do hereby certify that I am the Senior Trust Officer of Concentra Trust, which is a Creditor; and have knowledge of all the circumstances connected with the Claim referred to below:

(a) ~~that I [] am a Creditor; OR~~

~~[] am _____ (state position or title) of _____ (name of corporate Creditor), which is a Creditor;~~

~~that I have knowledge of all the circumstances connected with the Claim referred to below;~~

- (b) that Lemare Lake Logging Ltd., Dominion Log Sort Ltd., Coast Dryland Services Ltd., C.&E. Roadbuilders Ltd., Lone Tree Logging Ltd., Central Coast Industries Ltd., and Lemare Holdings Ltd., were and are still indebted to Concentra Financial Services Association and to Concentra Trust as follows:

CLAIM (other than Restructuring Claim) - \$10,000,000.00 together with interest thereon from November 1, 2012 at a floating rate, reset on a monthly basis, which for the month of November 2012 is 2.515% per annum (per diem rate of \$687.16);

\$ _____ (~~insert \$ value of Claim~~)

RESTRUCTURING CLAIM:

~~\$ _____ (insert \$ value of Claim arising after the Filing Date resulting from the restructuring, disclaimer, resiliation, termination or breach after the Filing Date of any contract, employment agreement, lease or other agreement or arrangement of any nature whatsoever, whether written or oral);~~

- A. TOTAL CLAIM(S) \$10,000,000.00 together with interest thereon from November 1, 2012 at a floating rate, reset on a monthly basis, which for the month of November 2012 is 2.515% per annum (per diem rate of \$687.16)

(Note: Claims in a currency other than Canadian Dollars will be converted to Canadian Dollars at the noon spot rate of the Bank of Canada as at the Filing Date, June 21, 2012. Please indicate currency of claim if not Canadian Dollars).

Nature of Claim:

- A. UNSECURED CLAIM OF \$10,000,000.00 together with interest thereon from November 1, 2012 at a floating rate, reset on a monthly basis, which for the month of November 2012 is 2.515% per annum (per diem rate of \$687.16)

- ~~B. SECURED CLAIM OF \$ _____. That in respect of this debt, assets of _____ (insert name of applicable Petitioners) valued at \$ _____ are pledged to me as security, particulars of which are as follows:~~

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

Particulars of Claims:

Other than as already set out herein, the particulars of the undersigned's total Claim and/or Restructuring Claim are attached.

See attached schedule

(Provide all particulars of the claims and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the claims, name of any guarantor which has guaranteed the claims, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Petitioners to the Creditor and estimated value of such security. Where a claim is advanced against any Directors or Officers, please provide either a reference to a statutory authority for your claim or enclose a draft Notice of Civil Claim.)

Filing of Claims:

This Proof of Claim **must be received by the Monitor by no later than 5:00 p.m. (Vancouver time) on November 27, 2012** (the "Claims Bar Date") unless your claim is a Restructuring Claim.

Proofs of Claim for Restructuring Claims arising after the Filing Date resulting from a restructuring, disclaimer, resiliation, termination, or breach after the Filing Date of any contract, employment agreement, lease or other agreement or arrangement of any nature whatsoever, whether written or oral, **must be received by the Monitor by the later of: (a) the Claims Bar Date, and (b) by 5:00 p.m. (Vancouver time) on the day which is 10 days after the date of the applicable Notice of Disclaimer or Resiliation** (the "Restructuring Claims Bar Date").

FAILURE TO FILE YOUR PROOF OF CLAIM AS DIRECTED BY THE CLAIMS BAR DATE OR RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE, WILL RESULT IN YOUR CLAIM BEING FOREVER BARRED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST ANY OF THE PETITIONERS AND/OR ANY OF THEIR DIRECTORS AND/OR OFFICERS.

This Proof of Claim must be delivered by prepaid registered mail, personal delivery, e-mail, courier or facsimile transmission at the following addresses:

Alvarez & Marsal Canada Inc.
Court-appointed Monitor of the Petitioners
400 Burrard Street, Suite 1680
Vancouver, British Columbia V6C 3A6
Attention: Vicki Chan
Telephone: 604.639.0847
Fax: 604.638.7441
Email: lemareclaims@alvarezandmarsal.com

DATED this _____ day of November, 2012.

Witness:

Per: _____

Witness:

Per: _____

Print name of Creditor:

Concentra Financial Services Association

If Creditor is other than an individual, print name and title of authorized signatory

Name: Glen Ferguson

Title: Associate Vice-President

Name: _____

Title: _____

DATED this 22nd day of November, 2012.

Witness:

Witness:



M.T.

Mardell Twamley
Sr. Corp Trust Specialist

Val Lucyshyn

Val Lucyshyn
Corporate Trust Specialist

Print name of Creditor:

Concentra Trust

If Creditor is other than an individual, print name and title of authorized signatory

Name: Mardell Twamley

Title: Senior Trust Officer

Name: Mardell Twamley
Sr. Corp Trust Specialist

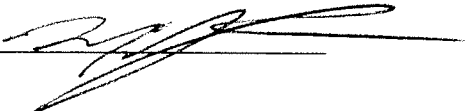
Title: _____

DATED this 23 day of November, 2012.

Witness:

Witness:

Per: 

Per: 

Print name of Creditor:

Concentra Financial Services Association

If Creditor is other than an individual, print name and title of authorized signatory

Name: Glen Ferguson

Title: Associate Vice-President

Name: Mark Reakes
Vice-President, Financial Systems & Valuation

Title: _____



DATED this _____ day of November, 2012.

Witness:

Witness:

Per: _____

Per: _____

Print name of Creditor:

Concentra Trust

If Creditor is other than an individual, print name and title of authorized signatory

Name: Mardell Twamley

Title: Senior Trust Officer

Name: _____

Title: _____

**SCHEDULE TO PROOF OF CLAIM OF
626309 SASKATCHEWAN LTD. (ORIGINAL CREDITOR)
ASSIGNEES – CONCENTRA FINANCIAL SERVICES ASSOCIATION
AND CONCENTRA TRUST**

2(a)

Full Legal name of Assignees: Concentra Financial Services Association and Concentra Trust

Concentra Financial Services Association:

Mr. Glen Ferguson, Associate Vice President, Concentra Financial Services Association
2055 Albert Street
P.O. Box 3030
Regina, SK S4P 3G8
Fax (306) 566 1341
Ph: (306) 566-1791
glen.ferguson@concentrafinancial.ca

Concentra Trust:

Ms. Mardell Twamley, Senior Trust Officer, Concentra Trust
333 - 3rd Avenue North
Saskatoon, Saskatchewan
S7K 2M2
Telephone number: 306-956-1855
Facsimile Number: (306) 652-7614
mardell.twamley@concentrafinancial.ca

Particulars of Claims:

Loan from Lender to Borrower/Trustee

Saskatchewan Co-operative Financial Services Limited, as Lender, lent \$10 million to Co-operative Trust Company of Canada, as Borrower and Trustee of the David Dutcyvich RCA Trust, as evidenced by:

- a Commitment letter dated December 2, 2002;
- a Loan Agreement dated January 2, 2003 (the “**Loan Agreement**”);
- a Promissory Note dated January 2, 2003;
- a General Security Agreement dated January 2, 2003;
- an Assignment of Loan and Security dated January 2, 2003.

Concentra Financial Services Association is now the Lender in place of Saskatchewan Co-operative Financial Services Limited, by way of a Novation Agreement dated December 6, 2005, and will hereinafter be referred to as the “**Lender**”.

Concentra Trust is now the Borrower/Trustee in place of Co-operative Trust Company of Canada, by way of a Replacement of Trustee Agreement dated March 15, 2005, and will hereinafter be referred to as the “**Borrower/Trustee**”

Loan from Borrower/Trustee to Investco

The proceeds of the Loan from the Lender to the Borrower/Trustee were lent to 626309 Saskatchewan Ltd., who will hereinafter be referred to as “**Investco**”, as evidenced by:

- a Promissory Note dated January 2, 2003;
- a General Security Agreement dated January 2, 2003; and
- an Assignment of Opco Note dated January 2, 2003 (hereinafter the “**Opco Note Assignment**”).

Loan from Investco to Opco

The proceeds of the Loan from the Borrower/Trustee to Investco were lent to Lemare Lake Logging Ltd., as the primary borrower, and to certain co-obligors, including Dominion Log Sort Ltd., Coast Dryland Services Ltd., C.&E. Roadbuilders Ltd., Lone Tree Logging Ltd., Central Coast Industries Ltd., and Lemare Holdings Ltd., who will hereinafter be collectively referred to as “**Opco**”, as evidenced by:

- a Promissory Note dated January 2, 2003 (which will hereinafter and is referred to above as the “**Opco Note**”); and
- an Acknowledgement of Transfer of Liability for Opco Note dated February 1, 2011.

On an Event of Default occurring under the Opco Note, which includes:

- Opco admitting its inability to pay its debts generally as they become due or otherwise acknowledging its insolvency (para. 5.1.6) or
- any proceeding being commenced involving Opco seeking reorganization (para. 5.1.7(b)),

Investco is entitled to “take such actions...at such times and in such manner as [Investco] in its sole discretion may consider advisable...” (para. 5.2.4).

Investco assigned the Opco Note to the Borrower/Trustee by way of the Opco Note Assignment.

In the Loan Agreement, the Borrower/Trustee agreed that the Opco Note was security for the loan from the Lender to the Borrower/Trustee (Article 4), and further appointed the Lender as its Power of Attorney to act in the name of the Borrower/Trustee and to execute and deliver such documents necessary to protect the Lender's interests (Article 8.3).

On the basis of the above, Concentra Financial Services Association and Concentra Trust make claim against Lemare Lake Logging Ltd., Dominion Log Sort Ltd., Coast Dryland Services Ltd., C.&E. Roadbuilders Ltd., Lone Tree Logging Ltd., Central Coast Industries Ltd., and Lemare Holdings Ltd., and jointly file this Proof of Claim.

DKL/jfh
DM 827457 v1



December 31, 2002

David C. Dutcyvich
C/O Lemare Lake Logging Ltd.
3341 Mine Road
Box 609
Port McNeill, B.C.
VON 2R0

Dear David:

On the basis of our discussions and the information provided, Saskatchewan Co-operative Financial Services Limited operating under the trade name of CUCORP Financial Services ("CUCORP") is pleased to offer the following credit facility, subject to the terms and conditions as outlined hereunder:

LENDER:

The initial lender (the "Lender") will be CUCORP

BORROWER:

The borrower will be the trustee (in such capacity, the "Borrower") of the retirement compensation arrangement, a trust established for the benefit of David C. Dutcyvich (the "RCA Trust"). Prior to, or concurrently with, the advance of the Loan (as defined below), Co-operative Trust Company of Canada will become the trustee of the RCA Trust and in such capacity, be the Borrower hereunder.

BENEFICIARY:

David C. Dutcyvich ("Beneficiary")

LOAN AMOUNT:

A loan of up to \$10,000,000. available by way of a single advance in Canadian dollars (the "Loan"). At the time of advance of the Loan, \$109,890.11 [**1% of the RCA contribution**] will be deducted from the proceeds of the advance to be paid to the Borrower and paid as a loan arrangement fee (the "Arrangement Fee") such that the Borrower will receive net proceeds of \$9,890,109.89 [**90% of the RCA contribution**] (the "Net Proceeds").

SECURITIZATION:

It is acknowledged that the Loan will be funded by the Lender with the intention that the Lender, subject to satisfying certain conditions, will transfer, sell, assign and convey the Loan thereafter to a securitization entity (a "Securitization Entity"). The effective transfer date of the Loan to a Securitization Entity is referred to herein as the "Securitization Date" and notice of the occurrence of the Securitization Date will be provided by the Lender to the Borrower. The Borrower further acknowledges that any such transfer is subject to the satisfaction of conditions precedent and that there is no assurance that a transfer of the Loan to the Securitization Entity will be effected, or as to the time of transfer. The term "Lender" herein refers, on and after the Securitization Date, to the Securitization Entity and its assigns.

INTEREST:

During the period (the "Bridge Period") from the date of advance of the Loan to the Securitization Date if any, or otherwise until the Loan has been repaid in full, the Loan will bear interest, payable monthly in arrears, at the Prime Rate plus 0.55% per annum. The term "Prime Rate" herein means on any day, the greater of (i) the rate of interest established by CUCORP at its head office in Regina, Saskatchewan as its reference rate of interest for the purpose of determining interest rates it will charge on that day for demand loans made in Canada in Canadian dollars to its Canadian commercial customers, and (ii) the 30 day bankers' acceptances rate which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto time, on such date plus 1.50% per annum;

After the Securitization Date the Loan will bear interest at a floating rate equal to the Securitization Entity's Cost of Funds from time to time plus a margin equal to 1.2% per annum (the "Applicable Margin").

For purposes of the foregoing, "Securitization Entity's Cost of Funds" means in respect of any interest period, a per annum rate equivalent to the Securitization Entity's weighted average cost of funding for the related funding period, in connection with the short term notes issued by it to finance or refinance the purchase of the Loan (and all similar loans purchased by it).

Prior to the expiry of the first 5 year period (the "Reset Date") the Borrower will be required to choose a new modified floating rate (the "Reset Rate") quoted by the Lender at such time, or to prepay the Loan. If not prepaid, the Loan will bear interest at the Reset Rate for the subsequent 5 year period (the "Second 5 Year Period"). A corresponding interest rate resetting will be made under the Investco Loan and under the Opco Loan (as defined below)

Upon the occurrence of an event of default under the Loan or at any time thereafter, the Securitization Entity may elect to transfer, sell, assign and convey its interest in the Loan to any person upon notice to the Borrower. Immediately upon any such sale and until the obligations of the Borrower have been fully and irrevocably satisfied, the Loan will bear

interest at a rate equal to the prime rate of any Schedule 1 Canadian bank selected by the Securitization Entity, or the average prime rate of more than one such bank, as specified by notice to the Borrower, plus 2% per annum.

TENOR:

During the Bridge Period, the Loan will be a demand loan. As of the Securitization Date, the Loan will automatically become a term loan which, subject to "Amortization" below, will have a maturity date of 10 years from the Securitization Date.

PREPAYMENT:

Voluntary payment during the Bridge Period and prepayment of the Loan after the Securitization Date is permitted in whole or in part on any scheduled payment date upon 90 days prior written notice, upon payment by the Borrower of the principal amount being prepaid, plus all accrued and unpaid interest thereon, plus in the case of a prepayment after the Securitization Date, a make-whole payment, as liquidated damages and not as a penalty, equal to 1% of the initial Loan amount payable in year 1 of the Loan and declining at the rate of 0.20% per annum each year thereafter to 0% after year 5 all multiplied by a fraction, the numerator of which is the amount of such prepayment or repayment, and the denominator of which is the initial Loan amount (the "Make-Whole Payment") and provided that the portion of the Loan being prepaid is in a minimum principal amount of \$50,000.

"Notwithstanding the foregoing:

- (a) if the Lender at any time should require the Borrower to provide audited annual financial statements for Investco, Opco, the Co-obligors or any affiliates of Opco specified by the Lender as contemplated by (a) under "Reporting" below, then the Borrower may, within 90 days from the date of such notice, advise the Lender that it will prepay the Loan in whole, but not in part, with such prepayment to occur on the first Banking Day of the month immediately following the date of the Borrower giving the Lender such notice. The Borrower shall pay to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and
- (b) if Opco or any of the Co-obligors agrees to make an advance or provide credit in excess of the 5% limit in (j) under "Covenants" below and if it is proposed that the recipient of such advance or credit will not become a co-obligor of the RCA Loan, then the Borrower shall have the right to prepay the Loan in whole but not in part without payment of the Make-Whole Payment if but only if:
 - (1) as soon as is commercially practicable and in any event not more than 15 days following an agreement by Opco or a Co-obligor, as the case may be, to make such an advance or provide such credit (whether or not such

agreement is subject to conditions) Opco shall have provided to the Lender written notice thereof, together with sufficient particulars, to allow the Lender to make an informed decision thereon;

- (2) the Lender shall have advised the Borrower by notice in writing that the Lender shall not consent to the making of such advance or the provision of such credit;
- (3) the Borrower shall otherwise be in compliance with this agreement; and
- (4) the Borrower shall have paid to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the Lender's notice pursuant to clause 2.

The Lender agrees that if it does not deliver the notice referred to in clause 2 above within 30 days of the date of receipt of the notice provided for in clause 1 above, the Lender shall be deemed to have consented to the making of such advance or the provision of such credit.

AMORTIZATION:

Where the Beneficiary's retirement is scheduled during the term of the Loan, (initially or because of a change) principal repayment of the Loan is required to begin following the date (the "Amortization Date") which is 5 years prior to the Beneficiary's scheduled retirement date or such lesser period as remains until the Beneficiary's scheduled retirement date, in equal monthly instalments (commencing on the first scheduled payment date following the Amortization Date) such that the Loan is fully amortized over the period from the such date to the Beneficiary's scheduled retirement date, with full payment of the Loan to occur by the scheduled retirement date.

Beneficiary's initial scheduled retirement date is **December 31, 2018**. The Amortization Date shall be amended to reflect any changes in the scheduled retirement date. Any change to the Amortization Date which results in the Loan, or any portion of it being repaid within the first 5 years of the Loan term will require a Make-Whole Payment to be made.

FEES:

- (a) An application fee of 0.50% of the Loan is payable by or on behalf of the Borrower to CUCORP, upon acceptance of this letter.
- (b) An annual arrangement fee of 0.10% of the Loan is payable by or on behalf of the Borrower to the Lender annually on the anniversary date of

the advance for the first five years and .10% annually thereafter until the Loan is paid in full.

- (c) An Arrangement Fee as described above.

EXPIRY:

This offer shall expire 45 days after the date hereof if the terms and conditions specified herein have not been satisfied and the Loan has not been advanced.

USE OF PROCEEDS:

The Net Proceeds of the Loan will be used in full by the Borrower to make a loan (the "Investco Loan") to a corporation ("Investco") controlled directly or indirectly by the Beneficiary alone or in combination with some or all of the other shareholders of Opco. The material terms of the Investco Loan will conform to the Loan, except that the interest rate payable by Investco to the Borrower under the Investco Loan will exceed the interest rate on the Loan by an amount sufficient to at least fund the projected operating expenses and insurance costs, if any, of the RCA Trust. Investco will in turn use the proceeds of the Investco Loan in full to make a loan (the "Opco Loan") to Lemare Lake Logging Ltd. ("Opco"). **Opco will be the primary borrower, with 621745 Saskatchewan Ltd., 3L Cattle Company Ltd., DC & E Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., C & E Roadbuilders Ltd. and Lone Tree Logging Ltd. to be the co-obligors (the "co-obligors") of the Opco indebtedness.** The material terms of the Opco Loan will conform to the Investco Loan, except that the interest rate payable by Opco under the Opco Loan will exceed the interest rate paid on the Investco Loan by an amount sufficient to at least fund Investco's projected operating expenses and insurance costs, if any. The Opco Loan shall be fully subordinated in right of payment to all other indebtedness of Opco.

The fees payable by the Borrower and referred to in "Fees" above will in turn be payable by Investco to the Borrower pursuant to the Investco Loan and by Opco to Investco pursuant to the Opco Loan, such that (i) Opco is the ultimate payor of such fees and (ii) Investco's debt to the Borrower, and Opco's debt to Investco will include the amount of the Arrangement Fee passed on by the Borrower, resulting in the Loan, the Investco Loan and the Opco Loan each having identical principal amounts equal to the amount of the Loan.

BORROWER'S ASSETS:

The Borrower's assets immediately following the advance of the Loan shall include:

- (a) A universal life insurance policy (the "Policy") with AIG Life Insurance Company of Canada (the "Insurer") on the life of " **the Beneficiary**" in a form attached as Schedule "A" with:
 - (i) An initial premium (including the amount contributed to the Policy's side account) equal to 50% of the amount contributed to the RCA Trust.
 - (ii) A death benefit entitlement of the Borrower of not less than the principal amount of the Loan.
 - (iii) An involuntary surrender value ("ISV") as described in Schedule "A".
 - (iv) The policy value (including the side account value) and any additional proceeds payable in connection with an involuntary surrender as described in Schedule "A" payable in full to the Borrower (subject to the rights of the Lender).
 - (v) Tax-exempt status under subsection 12.2(1) of the Income Tax Act (Canada).
- (b) An entitlement, actual or contingent, to a refund of Refundable Tax ("Refundable Tax") within the meaning of Part X1.3 of the Income Tax Act (Canada) in an amount equal to 50% of the amount contributed to the RCA Trust.

REPORTING:

Borrower to provide or cause to be provided on an annual basis at a pre-set review date (such as 6 months after the year-end of Opco) other than interim financials that shall be provided as detailed below:

- (a) Independent chartered accountant reviewed annual financial statements for Investco, Opco, the co-obligors and any affiliates of Opco specified by the Lender (on a consolidated basis for Opco, where available) and which, at the Lender's discretion, may be required to be audited;
- (b) Six and twelve month internally prepared interim financial statements for Opco, the co-obligors and any affiliates of Opco cross defaulted to this Loan (on a consolidated basis for Opco, where available), to be provided within 45 days of the applicable period end;
- (c) Annually, a personal financial statement of the Beneficiary, with confirmation of Beneficiary's income and confirmation that the Beneficiary's personal taxes are current;
- (d) Annual financial statements of the RCA Trust for the year ended December 31 of each year which financial statements shall be audited by a firm of independent chartered accountants;
- (e) Confirmation each year that all required and annual financial statements and other filings have been made by the Borrower with Canada Customs and Revenue Agency ("CCRA"), together with copies of all such filings, and confirmation (i) that the Borrower has remitted all amounts payable under Part XI.3 of the Income Tax Act (Canada) and (ii) as to the aggregate amount of the Refundable Tax account of the Borrower.
- (f) A policy statement from the Insurer yearly, or more frequently if required by the Lender and made available by the Insurer, which shall provide particulars of the sum insured, cash surrender value, and side account value as at the end of the period reported on.
- (g) Any additional reports, agreements or certificates which the Lender may reasonably request from time to time.

SECURITY:

The following security shall be provided prior to the advance of the Loan, shall (where applicable) be registered in a first priority position, shall be on the Lender's applicable standard form and supported by all necessary resolutions and shall be in form and substance acceptable to the Lender.

Borrower to provide:

- (a) Loan Agreement as considered appropriate by the Lender's counsel, containing standard representations and warranties, covenants, and events of default in addition to those set out herein.
- (b) Promissory note in the amount of the Loan.
- (c) General Security Agreement or equivalent.
- (d) Assignment by way of security of the Investco Loan together with all security therefor, with acknowledgement by Investco of the assignment.
- (e) Assignment by way of security of the Borrower's interest in the Policy.
- (f) PPSA or other security registration(s) as required.

Investco to provide:

- (a) Promissory note in favour of the Borrower in the amount of the Loan.
- (b) General Security Agreement or equivalent.
- (c) Assignment by way of security of Investco's interest in the Opco Loan.
- (d) PPSA or other security registration(s) as required.

Opco to provide:

- (a) **A joint and several Promissory note in favour of Investco in the amount of the Loan with Opco as the primary obligor and 621745 Saskatchewan Ltd., 3L Cattle Company Ltd., DC & E Consulting Ltd., 466620 B.C. Ltd. ,3L Developments Inc., 3L Holdings Ltd, Coast Dryland Services Ltd. , C & E Roadbuilders Ltd. and Lone Tree Logging Ltd. as the co-obligors for such indebtedness.**

Beneficiary to provide:

- (a) A "put" agreement with Borrower and the Lender, pursuant to which the Borrower and the Lender may, following a default on the Loan, require the Beneficiary to purchase the Investco Loan at its fair market value.
- (b) Acknowledgement and Consent re: Loan Arrangements (together with the Borrower, Opco, and Investco).

Insurer to provide:

- (a) Insurer's Acknowledgement which acknowledges the Lender's interest in the Policy and confirms the initial premium on the Policy, the initial death benefit of the Policy, the initial balance of the side account for the Policy, the minimum sum insured, the tax-exempt status of the Policy and that the Policy is in the prescribed form.

Opinions to be provided:

- (a) Opinion of solicitor(s) for the RCA Trust, Opco, the co-obligors, Investco and the Beneficiary.
- (b) Opinion of solicitor for the Lender.

All of the above items are referred to collectively in this letter as the "Lender Security".

The Lender or its counsel may specify changes or additions to the Lender Security.

DOCUMENTARY CONDITIONS PRECEDENT:

The following documents, and such other documents as are required by the Lender, are to be provided by the Borrower in form and substance acceptable to the Lender prior to the Loan advance:

- (a) A copy of the Trust Agreement and other RCA plan documentation, which shall permit the Lender to cause the trustee of the RCA Trust to be replaced.
- (b) An opinion addressed to the Lender from Deloitte & Touche, KPMG, Ernst & Young, B.D.O. Dunwoody, PriceWaterhouseCoopers, Arthur Andersen, Grant Thornton or another nationally recognized firm of chartered accountants acceptable to the Lender as to the status of the RCA Trust as a trust governed by a "retirement compensation arrangement" within the meaning of the Income Tax Act (Canada).
- (c) A certificate of the Borrower evidencing the contribution by Opco to the RCA Trust, payment of required Refundable Tax by Opco and the balance of the Refundable Tax account.
- (d) A receipt from CCRA or other evidence satisfactory to the Lender confirming the payment of the required Refundable Tax.
- (e) An actuarial report in respect of the establishment of the RCA Trust from Buck Consultants Limited or another actuarial firm acceptable to the Lender.

- (f) An audited balance sheet of the RCA Trust as at the most recently completed year end, where applicable.
- (g) A personal net worth statement for Beneficiary and copies of the last three years' personal tax returns.
- (h) Copies of the last three years' financial statements for Opco, the co-obligors and (to the extent available) Investco.
- (i) A copy of the Policy and any documentation provided by the Insurer relating to projections of the Policy value and death benefit of the Policy and guaranteed earnings and premiums on the Policy.
- (j) Bank reports on Opco, the co-obligors, Investco and Beneficiary.
- (k) An officer's certificate of Opco confirming the solvency of Opco and the co-obligors, the compliance by Opco and the co-obligors with certain prescribed eligibility criteria, the employment of the Beneficiary by Opco, the birth date of the Beneficiary and the current Retirement Age of the Beneficiary, and that no material adverse change has occurred in the business, financial condition or assets of Opco or the co-obligors from the date of most recently provided financial statements of Opco and the co-obligors.

OTHER CONDITIONS PRECEDENT:

The following conditions are to be met to the satisfaction of the Lender prior to the Loan advance:

- (a) The principal amount of the Loan is not to exceed 91% of the combination of the initial premium on the Policy (including the side account contribution) and the amount of the Borrower's Refundable Tax account.
- (b) The Lender to be satisfied that there has been no material adverse change in the Insurer's financial position since the date hereof.
- (c) Investco to be a single purpose corporation.
- (d) Use of proceeds by Opco, as ultimate recipient of the Loan advance, to be for its general corporate purposes and not to be used by Opco in a manner which would defeat or hinder the interests of Opco's creditors.
- (e) Co-operative Trust Company of Canada (the "Institutional Trustee"), if not the initial trustee of the RCA Trust, shall be substituted for the initial trustee pursuant to an agreement entered into between Opco and the Institutional Trustee in the Institutional Trustee's standard form as to the

Institutional Trustee's role and compensation which shall provide for an annual trustee fee.

- (f) The aggregate contributions to the RCA Trust do not exceed the maximum contemplated in the actuarial report referred to under "Documentary Conditions Precedent".
- (g) **Credit approval of the "Loan Amount" by Credit Union Central of Saskatchewan's credit committee with such a decision anticipated on or before January 15, 2003.**

COVENANTS:

- (a) The Borrower shall not:
 - (i) Surrender, terminate or (without the Lender's prior written consent) amend the Policy.
 - (ii) Borrow against or withdraw any amounts from the Policy (including the side account), other than withdrawals to pay Refundable Tax with respect to interest earned thereon.
- (b) The Trust Agreement, other RCA plan documentation and Opco Loan and Investco Loan documentation are not to be amended without the Lender's prior written consent.
- (c) Prior written consent of the Lender is to be obtained in advance of any election pursuant to subsection 207.5(2) of the Income Tax Act (Canada) by the Borrower with respect to Refundable Tax.
- (d) Prepayments of the Investco Loan and Opco Loan shall be applied as permanent principal repayments on the Loan (and shall be subject to the Make-Whole Payment where applicable).
- (e) No other borrowing arrangements are to be entered into by the Borrower or Investco without the prior written consent of the Lender.
- (f) Borrower is to remit to CCRA all Refundable Tax due on interest earned by the RCA Trust on the Policy or on the Investco Loan.
- (g) Borrower is to pay to the Lender any refund of Refundable Tax or any other refund or return of amounts remitted on account of Refundable Tax.
- (h) Borrower shall not make distributions from the RCA Trust until the Loan is fully repaid.

- (i) Notice is to be provided to the Lender of any other contribution to the RCA Trust, together with evidence of payment of any Refundable Tax due thereon, and any such contributions are to be invested only in the Policy or in safe, liquid investments.
- (j) **Neither Opco nor any co-obligor is to make an advance or provide credit of any kind in excess of 5% of the aggregate net assets of Opco and the co-obligors to any entity that is owned in whole or in part by David Dutcyvich or the members of his family unless the proposed borrower becomes a co-obligor of the RCA Loan, without the prior written consent of the Lender.**

REMEDIES:

During the Bridge Period, non-compliance by the Borrower with any terms and conditions set out herein is not a precondition to Lender's right to demand repayment of the Loan.

After the Securitization Date, the Lender can demand repayment of all amounts owing pursuant to the Loan upon the occurrence and continuance of an event of default as described below and as further specified in the loan documentation. In such circumstances, the Make-Whole Payment referred to under "Prepayment" will be payable by the Borrower as liquidated damages and not as a penalty.

EVENTS OF DEFAULT:

The Lender shall have the right to cause the Borrower to surrender the Policy and to obtain a refund of the Refundable Tax (and apply all proceeds therefrom to the Loan) and shall have the right to exercise all of its other remedies provided for in the loan documents under certain circumstances to be described in the loan documents which will include, without limitation, any of the following circumstances:

- (a) Default of any interest, principal or other payment on the Loan (including failure to pay on demand during the Bridge Period), default by Opco, the co-obligors or Investco on any interest, principal or other payment on the Opco Loan or the Investco Loan, respectively, or default in payment of any amounts due to the Institutional Trustee.
- (b) Cancellation, surrender, amendment (without the Lender's consent) or lapse of the Policy, issuance by the Insurer of a notice of lapse of the Policy, or misrepresentation entitling the Insurer to terminate or adjust the coverage on the Policy.
- (c) The death benefit entitlement of the Borrower is at any time less than the principal amount of the Loan; the entitlement of the Borrower to Refundable Tax is at any time less than 50% of the contribution to the

RCA Trust (plus the full amount of any Refundable Tax required to be remitted on income earned by the RCA Trust); or the Policy has at any time an Involuntary Surrender Value other than that described in Schedule "A" or the Policy Value (as defined in the Policy) is at any time less than 80% of the initial premium of the Policy.

- (d) Any event of bankruptcy, insolvency or dissolution of the RCA Trust, the Borrower, Investco, Opco, any co-obligor or the Beneficiary.
- (e) Death of **"the Beneficiary"**.
- (f) The claims paying ability of the Insurer, after giving effect to any applicable reinsurance arrangements, ceases to be ascribed the highest applicable rating by DBRS (or, if not rated by DBRS, both of Moody's Investor Service, Inc. and Standard & Poor's Rating Services) or such other rating as may be acceptable to DBRS and the Lender (an "Acceptable Rating"), unless within 90 days of such event, alternative arrangements have been entered into resulting in (i) an Acceptable Rating for such Insurer, (ii) other credit enhancement satisfactory to DBRS and the Lender, or (iii) a replacement insurer satisfactory to DBRS and the Lender;
- (g) A change in applicable law (or in the interpretation thereof) relating to RCAs generally which materially adversely affects the collateral subject to the Lender's Security.
- (h) A material adverse change in the business, financial condition or assets of Opco or the co-obligors.
- (i) Termination of the employment of the Beneficiary by Opco, other than as a result of death.
- (j) Any changes to the share ownership structure of Opco or the co-obligors without the prior written permission of the Lender.
- (k) **Default occurs under the loan made by the Lender to the Borrower**

The Lender will not be responsible for any tax liability resulting from demand of the Loan or any realization on the Lender Security, including surrender of the Policy.

The Borrower acknowledges that the Lender may, from time to time during the Bridge Period, review the availability of the Loan and consider factors other than the terms and conditions set out herein in exercising its discretion to maintain the Loan.

If the Borrower does not meet the terms and conditions and the Lender does not demand payment, the Lender may still insist on compliance with the terms and conditions and exercise its rights and remedies at a later date.

All overdue principal and interest payments will bear interest at the rate otherwise applicable plus 1% per annum.

NO WAIVER:

The Lender will not be considered to have waived compliance with or amended any part of this letter or any obligation of the Borrower hereunder or under any other document unless such waiver or amendment is set out specifically in writing. The Lender shall not be deemed to have waived compliance with any obligation of the Borrower or the occurrence of any default simply because it does not exercise any of its rights and remedies upon the occurrence of such breach.

NO REPRESENTATIONS:

THE LENDER MAKES NO REPRESENTATION OR WARRANTY REGARDING THE TAX, ACCOUNTING OR OTHER ASPECTS OF THE RCA ARRANGEMENTS TO WHICH THIS LOAN RELATES. WE URGE YOU TO OBTAIN PROFESSIONAL ADVICE CONCERNING YOUR RCA ARRANGEMENTS.

EXPENSES:

The Borrower shall pay, or cause to be paid, an amount agreed to with the Lender on account of all professional fees (including legal and accounting fees) and expenses incurred by the Lender in connection with the establishment of the Loan, preparation of this letter and all documentation and the preparation and registration of the Lender Security, whether or not the Loan is advanced. In addition, the Borrower shall pay all fees and expenses in connection with the enforcement of the Lender's rights relating to the Loan or the Lender Security, which fees and expenses shall include, but not be limited to, all outside counsel fees and expenses and all in-house legal fees and expenses (if in-house counsel are used).

EVIDENCE OF INDEBTEDNESS:

The Lender's records shall constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Lender.

LANGUAGE PREFERENCE:

This Agreement has been drawn up in the English language at the request of all parties.
(Cet acte a été rédigés en anglais à la demande de toutes les parties).

ASSIGNMENT:

The Lender shall have the unrestricted right to assign, transfer, sell or otherwise dispose of all or part of its interest in the Loan and the Lender Security to a third party, whether pursuant to the proposed securitization or otherwise.

CONFIDENTIALITY:

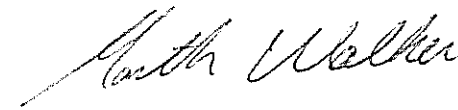
The Lender shall be entitled to disclose confidential information in its possession relating to the Beneficiary, Opco, the co-obligors, Investco, the Borrower and their respective affiliates to all persons reasonably necessary (i) in connection with any proposed assignment or other disposition of the Loan and the Lender Security, (ii) as required to implement the terms of the Loan or of the securitization, and (iii) where necessary to comply with applicable law or in a legal process.

CONDITIONS TO COMMITMENT:

The obligations of the Lender under this commitment are subject to (i) the Lender's satisfaction at all times that the Borrower will be able to satisfy the conditions precedent to the advance of the Loan set out herein, (ii) the information provided to the Lender by or on behalf of Opco and the Beneficiary in connection with this commitment being true and complete in all material respects, (iii) there not becoming known to the Lender any adverse information regarding Opco, the Beneficiary, Investco, or the Borrower not previously disclosed to the Lender, (iv) no amendments or changes have occurred or are pending under relevant income tax legislation or securitization requirement that, if known, would in the Lender's judgment have had a material effect on the Lender's decision to provide this commitment.

We trust you will find this facility helpful in meeting your financial requirements. Kindly acknowledge your agreement to the Terms and Conditions contained in this Commitment Letter, by signing and returning a copy of this Commitment Letter on or before January 15, 2003, failing which this offer shall become null and void.

Yours truly,



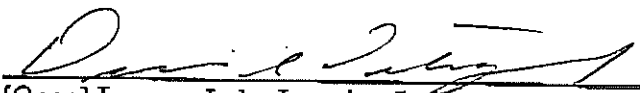
Garth Walker
Relationship Manager
CUCORP Financial Services

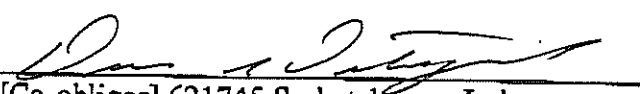
ACKNOWLEDGEMENT AND ACCEPTANCE:

The undersigned hereby acknowledge and agree to the terms and conditions contained in this Commitment Letter.

Dated at _____ this _____ day of _____


[Beneficiary] David C. Dutcyvich


[Opco] Lemare Lake Logging Ltd.


[Co-obligor] 621745 Saskatchewan Ltd.


[Co-obligor] 3L Cattle Company Ltd


[Co-obligor] DC & E Consulting Ltd.


[Co-obligor] 3L Developments Inc.

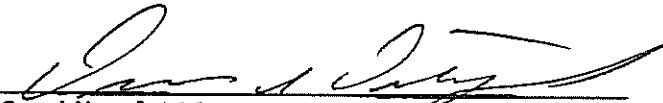

[Co-obligor] 3L Holdings Ltd.

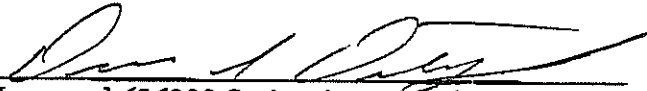

[Co-obligor] Coast Dryland Services Ltd


[Co-obligor] C & E Roadbuilders Ltd.




[Co-obligor] Lone Tree Logging Ltd.


[Co-obligor] 466620 B.C.Ltd


[Investco] 626309 Saskatchewan Ltd

(Borrower) Co-operative Trust Company of Canada as trustee of the David C. Dutcyvich
RCA Trust

 DEBBIE FENGLER
Sr Trust Officer

 ELAINE LEPAGE
SENIOR TRUST OFFICER

**LOAN AGREEMENT
(Refinancing)**

THIS AGREEMENT is made as of the 2nd day of January, 2003

B E T W E E N:

**Co-operative Trust Company of Canada, in its
capacity as trustee of David C. Dutcyvich RCA
Trust, a trust established under the laws of the Province
of Saskatchewan, and not in its personal capacity**

(in such capacity, together with its successors and
assigns in such capacity, the "Borrower")

- and -

**Saskatchewan Co-operative Financial Services
Limited, operating as CUCORP Financial Services, a
corporation incorporated under the laws of
Saskatchewan**

(together with its successors and assigns, the "Lender")

RECITALS:

A. The Borrower has requested the Lender to make available the Loan for the purpose of the Borrower making the Investco Loan.

B. The Lender has agreed to provide the Loan to the Borrower on the terms and conditions herein set forth.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

INTERPRETATION

1.1 Definitions

For the purposes of this Agreement:

"**621745**" means 621745 Saskatchewan Ltd., a corporation governed by the laws of Saskatchewan, and its successors;

"**3L Cattle**" means 3L Cattle Company Ltd., a corporation governed by the laws of Saskatchewan, and its successors;

"**3L Developments**" means 3L Developments Inc., a corporation governed by the laws of British Columbia, and its successors;

"3L Holdings" means 3L Holdings Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Account Value" has the meaning attributed thereto in the Policy;

"Agreement" means this agreement and any schedules attached to this agreement, in each case as they may be amended, supplemented or modified from time to time;

"Amortization Date" means the date which is 5 years prior to the then scheduled Retirement Date or, if the Retirement Date is changed at any time to a date which is less than 5 years from the date such change is made, then the Amortization Date shall be the date such change is made;

"Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies (including, without limitation, the CCRA);

"Applicable Margin" means 1.2% plus, following the Reset Date, the amount of any Reset Adjustment;

"Arrangement Fee" has the meaning attributed thereto in section 3.2.1;

"Banking Day" means any day (other than Saturday or Sunday) on which banks are generally open for business in Regina, Saskatchewan, Toronto, Ontario and Montreal, Quebec and, if different, in the province specified under section 1.4 of this Agreement;

"BC Ltd." means 466620 B.C. Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Beneficiary" means David C. Dutcyvich, of Naicam, in the Province of Saskatchewan;

"Bridge Period" means the period from the date hereof until the Securitization Date (if any) and otherwise until all Obligations have been fully and irrevocably paid in full;

"Cash Surrender Value" has the meaning attributed thereto in the Policy;

"CCRA" means Canada Customs and Revenue Agency and its successors;

"C&E" means C. & E. Roadbuilders Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Coast" means Coast Dryland Services Ltd., a corporation governed by the laws of British Columbia, and its successors;

"CUCORP" means Saskatchewan Co-operative Financial Services Limited, operating as CUCORP Financial Services and its successors;

"DC & E" means D.C. & E. Consulting Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Death Benefit" has the meaning ascribed thereto in the Policy;

"Default" means any event or condition which, upon the giving of any notice, the lapse of time, or both, would constitute an Event of Default;

"Event of Default" has the meaning attributed to such term in section 8.1;

"Floating Rate" means, in respect of any Interest Period, a rate per annum equal to the sum of (i) the Securitization Entity's Cost of Funds in respect of the relevant funding period and (ii) the Applicable Margin. Solely for the purpose of determining the Floating Rate on any particular day during an Interest Period for the purposes of the Interest Act (Canada), the Securitization Entity's Cost of Funds shall be deemed to be (i) for any day during the period of such Interest Period prior to the day on which the Securitization Entity issues the Notes for such Interest Period, the Prime Rate, and (ii) for any day during the remainder of such Interest Period, a per annum rate of interest equivalent to the difference between the amount of interest accrued during such Interest Period prior to such remainder and the amount of interest that would accrue for the entire Interest Period at the rate of the Securitization Entity's Cost of Funds in respect of the relevant funding period.

"Governmental Authorities" means the government of any sovereign state or any political subdivision thereof, or of any political subdivision of a political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, administrative or other functions of or pertaining to government;

"Insured" means David C. Dutcyvich;

"Insurer" means AIG Life Insurance Company of Canada and its successors;

"Interest Period" means, initially, the period from and including the date of the advance of the Loan to but excluding the next following Payment Date and thereafter the period from and including the day following the last day of the preceding Interest Period to but excluding the next following Payment Date;

"Investco" means 626309 Saskatchewan Ltd., a corporation governed by the laws of Saskatchewan, and its successors;

"Investco Loan" means the loan of \$10,000,000.00 to be made by the Borrower to Investco, consisting of an advance by the Borrower in an amount equal to the net proceeds of the Loan plus an amount retained by the Borrower equal to the Arrangement Fee;

"Investco Note" means the promissory note referred to in section 4.1.2(a) to be issued by Investco in favour of the Borrower in respect of the Investco Loan;

"Investco Security" means the agreements and instruments listed in section 4.1.2 and any other agreements and instruments delivered from time to time (both before and after the date of this Agreement) by Investco to the Borrower for the purpose of securing payment or performance of the Investco Loan, in each case as amended, supplemented, modified, restated or replaced from time to time;

"Investment Account" has the meaning attributed thereto in the Policy;

"Involuntary Surrender" has the meaning attributed thereto in the Policy;

"Involuntary Surrender Value" has the meaning attributed thereto in the Policy;

"Lemare Lake" means Lemare Lake Logging Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Lien" means any lien, pledge, assignment, charge, security interest, hypothecation, levy, execution, seizure, attachment, garnishment or other similar encumbrance or any adverse claim or other interest of any person;

"Loan" means the loan of \$10,000,000.00 to be advanced by the Lender to the Borrower pursuant to section 2.1;

"Loan Documents" means this Agreement, the Security Documents and any other agreements, instruments and documents delivered or assigned from time to time (both before and after the date of this Agreement) to the Lender by the Borrower, Investco, Opco or the Beneficiary in connection with this Agreement, in each case as amended, supplemented, modified, restated or replaced from time to time;

"Lone Tree" means Lone Tree Logging Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Make Whole Payment" means, in connection with any prepayment or early repayment, after the Securitization Date, of all or any portion of the principal amount of the Loan, by acceleration or otherwise, a payment equal to (i) 1% of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the first anniversary of the Securitization Date; and (ii) 1% (declining by 0.20 of 1% for each of years 2, 3, 4 and 5 following the Securitization Date) of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the second, third, fourth or fifth anniversary of the Securitization Date, respectively; and (iii) 0% in each successive year thereafter, all multiplied by a fraction, the numerator of which is the amount of such prepayment or repayment and the denominator of which is the initial Loan amount at the time of such prepayment or repayment;

"Notes" means the senior short term notes issued by the Securitization Entity from time to time in order to finance or refinance the purchase of the Loan and other similar loans by the Securitization Entity;

"Obligations" means all indebtedness, liabilities and other obligations of the Borrower to the Lender hereunder or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

"Opco" means collectively 621745, 3L Cattle, DC & E, BC Ltd., 3L Developments, 3L Holdings, Coast, Lemare Lake, C&E and Lone Tree;

"Opco Loan" means the loan of \$10,000,000.00 to be made by Investco to Opco, consisting of an advance by Investco in an amount equal to the net proceeds of the Investco Loan plus an amount retained by Investco equal to the Arrangement Fee, which loan shall be subordinated to all other indebtedness of Opco;

"Opco Note" means the subordinated promissory note to be issued by Opco in favour of Investco in respect of the Opco Loan referred to in section 4.1.3;

"Payment Date" means the first day of each calendar month or, if such day is not a Banking Day, the next following Banking Day;

"Policy" means the universal life insurance policy issued by the Insurer on the life of the Insured and bearing policy no. R00007869, together with the Side Account relating thereto except where otherwise expressly provided;

"Policy Value" means the amount payable to the Borrower (subject to the rights of the Lender) upon surrender of the Policy, being comprised of the Cash Surrender Value and the Account Value of the Side Account;

"Prime Rate" means, on any day, the greater of (i) the rate of interest established by CUCORP at its head office in Regina, Saskatchewan as its reference rate of interest for the purpose of determining interest rates it will charge on that day for demand loans made in Canada in Canadian dollars to its Canadian commercial customers, and (ii) the 30 day bankers' acceptances rate which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto time, on such date plus 1.50% per annum;

"Proceedings" has the meaning attributed thereto in section 5.1.9;

"Rating Agency" means Dominion Bond Rating Service Limited and its successors or such other person as may be authorized to rate the Notes from time to time;

"Refundable Tax" means the refundable tax of the Borrower from time to time under Part XI.3 of the *Income Tax Act* (Canada) or any successor provision;

"Reset Adjustment" has the meaning attributed to such term in section 3.2;

"Reset Date" has the meaning attributed to such term in section 3.2;

"Retirement Date" means, in respect of the Beneficiary, the date on which the Beneficiary attains the age of 75 years as contemplated in the Retirement Income Plan, as such date may be revised from time to time in accordance with section 2.4;

"Retirement Income Plan" means the amended and restated retirement income plan agreement dated December 31, 2002 between Lemare Lake and the Beneficiary providing for the establishment of the Borrower and Lemare Lake's contribution thereto, as amended, restated or replaced from time to time in accordance with this Agreement;

"Review Date" means June 30th in each year;

"Securitization" means the proposed securitization of the Loan in accordance with section 2.2;

"Securitization Date" means the effective date of the assignment, if any, by the initial Lender of its interest in the Loan and the Loan Documents to a Securitization Entity;

"Securitization Entity" means a trust or other special purpose entity which acquires the Lender's interest in the Loan and the Loan Documents, and its successors and assigns;

"Securitization Entity's Cost of Funds" means, in respect of any Interest Period, a per annum rate equivalent to the Securitization Entity's weighted average cost of funding for the relevant Note funding period, in connection with all Notes (based upon the interest payable in respect of interest bearing Notes or the difference between the face amount and the discounted proceeds in respect of discount notes);

"Security Documents" means the agreements and instruments listed in section 4.1 (including without limitation, the Investco Security and the Opco Note) and any other agreements and instruments delivered from time to time (both before and after the date of this Agreement) by the Borrower, Investco, Opco and the Beneficiary to the Lender for the purpose of securing payment or performance of the Obligations, in each case as amended, restated or replaced from time to time;

"Side Account" has the meaning attributed thereto in the Policy;

"Sum Insured" has the meaning attributed thereto in the Policy;

"Trust Agreement" means the amended and restated trust agreement dated December 31, 2002 establishing the RCA Trust, as amended, supplemented, modified, restated or replaced from time to time in accordance with this Agreement, and pursuant to which the Trustee has been appointed as trustee of the RCA Trust; and

"Trustee" means Co-operative Trust Company of Canada and any successor trustee of the Borrower.

1.2 Invalidity, etc

Except for provisions which are fundamental to the subject matter of this Agreement, each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.3 Currency

All monetary amounts in this Agreement are stated in Canadian dollars.

1.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

ARTICLE 2 THE LOAN

2.1 The Loan

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to lend to the Borrower \$10,000,000.00 for the purpose of making the Investco Loan, it being a term of the Investco Note that Investco will in turn use the proceeds of the Investco Loan to make the Opco Loan. The Loan shall be available by way of one or more advances with the Lender to

retain the Arrangement Fee pursuant to the terms hereof and the balance to be paid to the Borrower.

2.2 Securitization

The Borrower acknowledges that the Lender is entering into this Agreement and will be funding the Loan with the intention that the Lender will transfer, sell, assign and convey the Loan and the Loan Documents thereafter to the Securitization Entity (upon, and subject to, satisfaction of the conditions to such assignment established from time to time by the Lender and the Securitization Entity). The Borrower further acknowledges that there is no assurance that the proposed assignment will ultimately be effected, or as to the timing of any such assignment. The Lender will provide written notice (in the form attached as Schedule "A" to this Agreement) to the Borrower and Opco of the Securitization Date. All terms stipulated herein as being in effect from and after the Securitization Date shall take effect automatically as of the Securitization Date, without further action by the Lender and irrespective of the time of giving notice to the Borrower.

2.3 Repayment

- 2.3.1 During the Bridge Period, the outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall be due and payable in full on demand by the Lender.
- 2.3.2 Upon the occurrence of the Securitization Date and notwithstanding section 2.4, the outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall (subject to the terms of this Agreement) be due and payable on the earlier of (i) the 10th anniversary of the Securitization Date and (ii) the Retirement Date.

2.4 Amortization

- 2.4.1 The Borrower agrees that if the Amortization Date occurs, the Borrower shall, commencing on the Payment Date immediately following the Amortization Date make monthly payments of principal in equal amounts which are sufficient to amortize the principal amount of the loan to nil at the Retirement Date (with the final payment of principal and all accrued and unpaid interest being due and payable on such Retirement Date) provided, however, that notwithstanding any other provision, the outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall become due and be payable on the Retirement Date.
- 2.4.2 During the term of the Loan, any change in the Beneficiary's scheduled age for retirement shall change the Retirement Date hereunder. Opco shall deliver written notice within 15 days of the change in the Beneficiary's scheduled age for retirement to the Borrower and the Lender. If as a result of any change in the Retirement Date the Amortization Date falls within the first five years of the term of the Loan, the Borrower shall, concurrent with such occurrence pay to the Lender a make-whole payment equal to the Make-Whole Payment which would be payable by the Borrower if the Loan were prepaid on the revised Amortization Date. Such payment shall be due and payable immediately upon receipt by the

Lender of such notice and shall be on account of liquidated damages and not as a penalty.

2.5 Voluntary Prepayment of the Loan

Both before and after the Securitization Date, the Borrower may on a Payment Date and upon 90 days prior written notice to the Lender, voluntarily prepay the Loan in whole (or in part in a minimum principal amount of \$50,000) together with (i) all accrued and unpaid interest thereon; and (ii) after the Securitization Date, as a separate obligation, the Make Whole Payment, as liquidated damages and not as a penalty.

Notwithstanding the foregoing:

- (a) if the Lender at any time should require the Borrower to provide audited annual financial statements for Investco, Opco or any affiliates of Opco specified by the Lender as contemplated by Section 6.1.7.5, then the Borrower may, within 90 days from the date of such notice, advise the Lender that it will prepay the Loan in whole, but not in part, with such prepayment to occur on the first Banking Day of the month immediately following the date of the Borrower giving the Lender such notice. The Borrower shall pay to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and
- (b) if Opco agrees to make an advance or provide credit in excess of the 5% limit provided in Section 6.3.12 and if it is proposed that the recipient of such advance or credit will not become a co-obligor of the Opco Note, then the Borrower shall have the right to prepay the Loan in whole but not in part without payment of the Make-Whole Payment if but only if:
 - (1) as soon as is commercially practicable and in any event not more than 15 days following an agreement by Opco to make such an advance or provide such credit (whether or not such agreement is subject to conditions) Opco shall have provided to the Lender written notice thereof, together with sufficient particulars, to allow the Lender to make an informed decision thereon;
 - (2) the Lender shall have advised the Borrower by notice in writing that the Lender shall not consent to the making of such advance or the provision of such credit;
 - (3) the Borrower shall otherwise be in compliance with this Agreement; and
 - (4) the Borrower shall have paid to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the Lender's notice pursuant to clause 2.

The Lender agrees that if it does not deliver the notice referred to in clause 2 above within 30 days of the date of receipt of the notice provided for in clause 1 above, the

Lender shall be deemed to have consented to the making of such advance or the provision of such credit.

2.6 Mandatory Principal Repayments

Any repayments or prepayments of principal received by the Borrower on the Investco Loan or by Investco on the Opco Loan (without duplication) shall forthwith be paid to the Lender and applied toward the payment of the Obligations in accordance with Section 2.7.

2.7 Application of Payments

Any amounts prepaid or repaid may not be reborrowed. All amounts received by Borrower from Investco or by Investco from Opco (without duplication) shall, subject to Section 8.5, be applied towards the payment of the Obligations. All payments in respect of the Obligations shall be applied (i) firstly in reduction of the accrued and unpaid interest then outstanding, (ii) second in reduction of the principal amount of the Loan to the extent any such amounts are then due and payable, (iii) thirdly, toward the payment of any Fees (including Make-Whole Payments), (iv) fourthly, in reduction of the principal amount of the Loan, whether or not then due and payable, and (v) fifthly, toward all other unpaid Obligations until all Obligations have been fully and irrevocably paid in full.

ARTICLE 3 INTEREST, FEES AND EXPENSES

3.1 Interest

- 3.1.1 During the Bridge Period, the Borrower shall pay to the Lender interest on the outstanding principal amount of the Loan at a rate per annum equal to the Prime Rate in effect from time to time plus 0.55%.
- 3.1.2 From and after the Securitization Date subject to Section 3.1.3, the Loan shall bear interest at the Floating Rate in effect for the relevant Interest Period. The Lender shall, in connection with the notice of proposed Securitization Date pursuant to section 2.2, provide an indicative quote to the Borrower and to Opco as to the Floating Rate in effect at the time of such quote provided that such quote shall be for example purposes only and will not necessarily reflect the Floating Rate in effect at any time thereafter.
- 3.1.3 Upon the occurrence of an Event of Default or at any time thereafter, the Securitization Entity may elect to transfer, sell, assign and convey its interest in the Loan and the Loan Documents to any person upon notice to the Borrower. Immediately upon any such sale and until the obligations of the Borrower have been fully and irrevocably satisfied, the Loan will thereafter bear interest at a rate equal to the sum of (i) the posted prime lending rate applicable to commercial loans of any Schedule 1 Canadian bank selected by the Securitization Entity or at the average of the prime commercial lending rates for any number of Schedule 1 Canadian banks, in either case in effect from time to time, all as specified by notice to the Borrower, plus (ii) 2% per annum.

- 3.1.4 Interest payable pursuant to section 3.1.1, 3.1.2 or 3.1.3, as the case may be, shall accrue from day to day, shall be calculated on the basis of the number of days elapsed and a year of 365 or 366 days, as the case may be, and shall be paid to the Lender in arrears on each Payment Date (in respect of interest accrued up to but excluding such Payment Date) commencing with the first Payment Date following the day on which the advance of the Loan is made. The Lender shall endeavour to provide the Borrower with notice of the amount of each interest payment at least three Banking Days before such payment is due (with copies of such notice to be provided to Investco and Opco), but failure to provide such notice shall not affect the Borrower's obligation to make such payment and the Borrower shall be responsible for contacting the Lender, if necessary, on or before each interest payment date to determine the amount of any payment coming due. Changes in the Prime Rate or the Floating Rate or any rate referred to in Section 3.1.3, as the case may be, shall (if applicable) cause an immediate adjustment of the interest payable hereunder without the necessity of any notice to the Borrower.

3.2 Interest Rate Reset

Not less than 90 days prior to the fifth anniversary of the Securitization Date (the "Reset Date"), the Lender may, at its exclusive option, provide Opco (at the address for notice specified in the Opco Note) and the Borrower with a proposal for a new rate and/or rate formula expressed in terms of an increase in the Applicable Margin (the "Reset Adjustment") with such revised "Applicable Margin" (and corresponding adjustment to the interest accruing hereunder) to take effect on the Reset Date. The Borrower hereby irrevocably appoints Opco as its exclusive agent for the purpose accepting or rejecting the Reset Adjustment, such acceptance or rejection to be in Opco's sole discretion. In the event the Lender elects to propose a Reset Adjustment, Opco shall, not less than 5 Banking Days prior to the Reset Date, notify the Lender in writing whether it accepts the Reset Adjustment and, if it accepts the Reset Adjustment, the "Applicable Margin" shall be such Reset Adjustment from and after the Reset Date. Acceptance by Opco as contemplated above (or deemed acceptance as contemplated below) shall be deemed for all purposes to constitute acceptance by the Borrower. Failure by Opco to provide such notice shall be deemed to be an acceptance by the Borrower of the Reset Adjustment. If Opco gives notice that it does not accept the Reset Adjustment the Borrower shall be deemed not to have accepted the Reset Adjustment and the Borrower shall repay the Loan and all other Obligations in full on the Reset Date.

3.3 Fees

- 3.3.1 An amount equal to \$109,890.11 (**1/91 of the amount of Loan**) shall be deducted from the proceeds of the advance of the Loan to be paid to or at the direction of the Borrower and paid to the Lender as a non-refundable loan arrangement fee (the "Arrangement Fee"), such that the Borrower will receive or direct the payment of net proceeds of \$9,890,109.89 (**90/91 of the amount of the Loan**) upon advance of the Loan.
- 3.3.2 The Borrower shall pay or cause to be paid to the Lender an application fee of 0.50% of the Loan as a condition precedent to the advance of the Loan (to the extent not paid prior to the date of this Agreement); and

- 3.3.3 The Borrower shall pay or cause to be paid to the Lender an annual arrangement fee of 0.10% of the outstanding amount of the Loan calculated and payable on each anniversary date of this Agreement until the Loan is paid in full.

3.4 Evidence of Obligations

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

3.5 Manner of Payment

All payments of principal, interest or other amounts payable hereunder by the Borrower shall be made on a Payment Date. So long as the Loan or any part thereof is outstanding, interest shall be payable on the Payment Date by direct debit as contemplated by section 6.1.11, or in such other manner as the Lender, acting reasonably, may from time to time specify to the Borrower.

3.6 Payment of Costs and Expenses

Whether or not the Loan is advanced, the Borrower shall pay or cause to be paid to the Lender:

- 3.6.1 on the date of the initial advance of the Loan (or, if not advanced, on demand), the amount previously stipulated by the Lender, on account of the fees, expenses and disbursements of the Lender and counsel to the Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents; and
- 3.6.2 following the date of the initial advance of the Loan, on demand by the Lender all other reasonable costs and expenses of the Lender and its agents from time to time in connection with:
- (a) any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder;
 - (b) the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents or any action taken by the Lender to secure payment of or ensure eligibility for or entitlement to the maximum refund of Refundable Tax to which the Borrower could be entitled;

including, without limitation, all of the reasonable fees and disbursements of counsel to the Lender, or such other advisors, including accountants, actuaries or others as the Lender may deem advisable, incurred in connection therewith.

3.7 Indemnity

The Borrower shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrower hereunder. A certificate of the Lender setting forth the amounts necessary to indemnify the Lender in respect of such losses, costs, expenses, damages or liabilities shall be conclusive evidence of the amounts owing under this section 3.6, absent manifest error.

3.8 Overdue Amounts

All overdue payments hereunder, including, without limitation, payments of principal, interest, fees, expenses, disbursements and costs shall bear interest at the rate otherwise applicable plus 1% per annum.

3.9 Change in Circumstances

If either:

- 3.9.1 the introduction of, or any change (including any change by way of imposition or increase of any reserve requirements) in or in the interpretation of, any law by any court or Governmental Authority, in each case made after the date hereof; or
- 3.9.2 the compliance by the Lender and/or the Securitization Entity with any changed or introduced guideline or request made after the date hereof from any Governmental Authority (whether or not having the force of law),

has the effect of:

- 3.9.3 increasing the cost to the Lender and/or the Securitization Entity of making, funding or maintaining the Loan hereunder, or reducing the rate of return to the Lender and/or the Securitization Entity in connection therewith or as a result of reserves (including reserves against capital) to be made therefor or requiring the payment of taxes in respect of the capital of the Lender and/or the Securitization Entity;
- 3.9.4 reducing the amount payable by the Borrower with regard to the Loan or the Obligations hereunder; or
- 3.9.5 requiring the Lender and/or the Securitization Entity to make a payment it would not otherwise have been required to make, calculated by reference in whole or in part to the Loan or the Security Documents,

the Lender and/or the Securitization Entity shall deliver to the Borrower a certificate setting forth its computation of such increased costs, amounts not received or receivable, reduction in rate of return or required payment made or to be made, which computation may utilize such averaging and attribution methods that the Lender and/or the Securitization Entity, acting reasonably, believes to be applicable. Upon receipt of such certificate, the Borrower shall forthwith pay to the Lender and/or the Securitization Entity the amount of such increased costs. The Lender and/or the Securitization Entity shall promptly notify the Borrower of any event or circumstance which could result in any

payment being required to be made to the Lender and/or the Securitization Entity pursuant to this section 3.8.

3.10 Limits on Rate of Interest

Notwithstanding the foregoing provisions of this Article 3, the Borrower shall in no event be obliged to make any payments of interest or other amounts payable to the Lender in excess of an amount or rate which is prohibited by law or would result in the receipt by the Lender of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

ARTICLE 4 SECURITY

4.1 Security

4.1.1 As evidence of, or security in favour of the Lender for, the Obligations:

4.1.1.1 The Borrower shall execute and deliver to the Lender:

- (a) a promissory note;
- (b) a general security agreement or equivalent;
- (c) an assignment by way of security of the Borrower's interest in the Policy; and
- (d) an assignment by way of security of the Investco Loan and the Investco Security;

4.1.1.2 the Beneficiary shall execute and deliver to the Lender a put agreement in respect of the Investco Note; and

4.1.1.3 the Borrower shall obtain from the Insurer an irrevocable acknowledgment which acknowledges the assignment to the Lender of the Policy, and confirms the amount of the initial premium on the Policy, the amount of the initial bonus of the Policy, the amount of the initial Death Benefit, the initial balance of the Side Account for the Policy, the tax-exempt status of the Policy and that the Policy is in prescribed form.

4.1.2 As evidence of, or security in favour of the Borrower for the Investco Loan, Investco shall execute and deliver to the Borrower:

- (a) the Investco Note;
- (b) general security agreement or equivalent; and,
- (c) an assignment by way of security of the Opco Note.

4.1.3 As evidence of the Opco Loan, Opco shall execute and deliver to Investco the Opco Note.

- 4.1.4 All of the Security Documents shall be executed and delivered in each case in the Lender's relevant standard form or otherwise in form and substance satisfactory to the Lender, and the Liens created thereby perfected as first ranking Liens, on or prior to the date of the initial advance of the Loan in all jurisdictions necessary to perfect such Liens or reasonably required by the Lender.

4.2 Security Effective Notwithstanding Date of Advance

The Liens created under any of the Security Documents shall be valid and effective and the undertakings in the Loan Documents in respect thereto shall be continuing, whether the Loan or any part thereof shall be advanced before or after or at the same time as the creation of any such Liens or before or after or upon the date of execution of this Agreement. The Security Documents listed in sections 4.1.1 and 4.1.2 shall constitute continuing security to the Lender for the Obligations from time to time.

4.3 Further Assurances - Security

The Borrower shall execute and deliver to the Lender such other, additional or supplemental security agreements, instruments and financing statements as the Lender may at any time or from time to time hereafter reasonably request, in each case in form and substance satisfactory to the Lender.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Borrower represents and warrants to the Lender on the date hereof, on the date of the advance of the Loan (if different from the date hereof) and on the Securitization Date and acknowledges that the Lender and Securitization Entity are relying on such representations and warranties in connection with the transactions contemplated hereunder, as follows:

- 5.1.1 **Status of Borrower.** The Borrower is duly established and existing under the laws of the Province of Saskatchewan, and constitutes and is registered as an "RCA trust" within the meaning of the *Income Tax Act* (Canada);
- 5.1.2 **Status of Borrower.** The Trustee is the duly appointed trustee of the Borrower pursuant to the Trust Agreement;
- 5.1.3 **Power and Capacity.** The Borrower has the power and capacity to own its property and assets, to enter into and perform its obligations under the Trust Agreement and under the Loan Documents to which it is a party and to make the Investco Loan;
- 5.1.4 **Due Authorization and Execution.** The Borrower and the Trustee have taken all necessary action under the Trust Agreement and Applicable Law to authorize the execution, delivery and performance of the Loan Documents to which the Borrower is a party and each such Loan Document has been, or upon execution and delivery will be, duly executed and delivered by the Borrower;

- 5.1.5 **No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by the Borrower of its obligations thereunder do not and will not contravene, breach or result in any default under the Trust Agreement, any contract to which the Borrower is a party or by which it is bound, or any Applicable Law;
- 5.1.6 **No Consents Required.** No authorization, consent or approval of, or filing with or notice to, any person (including any governmental body) is required in connection with the making of the Investco Loan or the execution, delivery or performance of any of the Loan Documents by the Borrower;
- 5.1.7 **Assets and Liabilities.** Aggregate contributions of \$10,989,011.00 have been made to the Borrower. The Borrower has no assets other than the Policy and the entitlement, actual or contingent, to a refund of Refundable Tax (and, following the advance of the Investco Loan, the Investco Loan and the Investco Security), and has no liabilities other than to related parties which liabilities do not exceed \$5,000 and which are fully subordinate to the Obligations, and other than liabilities under the Loan Documents and the Policy;
- 5.1.8 **Title.** Subject in all cases to the Security Documents, the Borrower owns (or, following the advance of the Investco Loan, will own) the assets described in section 5.1.7 free and clear of any Liens or other adverse claims or any other person;
- 5.1.9 **No Litigation.** To the knowledge of the Borrower, there is no court, administrative, regulatory or similar investigation or proceeding (collectively "Proceedings") against or involving the Borrower, whether in progress or threatened, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against the Borrower;
- 5.1.10 **Policy.** The Policy together with the acknowledgment referred to in Section 4.1.1.3 represent the legal, valid and binding obligation of the Insurer to pay the Policy Value and the Death Benefit to the Lender in accordance with the terms thereof. The initial premium (including amounts credited to the Side Account) under the Policy has been paid to the Insurer. The sum of the initial premium (including amounts credited to the Side Account) and the initial bonus under the Policy is \$5,494,506.00 (**total of initial premium (including amounts credited to the Side Account) and the initial bonus to be not less than 50/91 of the amount of the Loan**). The Death Benefit entitlement of the Borrower under the Policy is not less than the principal amount of the Loan. Subject in all cases to the Security Documents, the Borrower is the sole legal owner and named Beneficiary of the Policy. The Beneficiary has not been designated irrevocably pursuant to the Policy; and
- 5.1.11 **Refundable Tax.** The Borrower is entitled, actually or contingently, to a refund of Refundable Tax in an amount of not less than \$5,494,505.50 (**not less than 50/91 of the amount of the Loan**).

5.2 Survival of Representations and Warranties

The representations and warranties contained in Section 5.1 shall survive the date of this Agreement, the date of advance(s) of the Loan and the Securitization Date and shall continue until the Obligations have been fully and irrevocably paid in full.

ARTICLE 6 COVENANTS

6.1 Affirmative Covenants

So long as any Obligations remain outstanding, the Borrower covenants and agrees that it shall:

- 6.1.1 pay or cause to be paid all Obligations coming due hereunder on the dates and in the manner specified herein;
- 6.1.2 do or cause to be done all things necessary or desirable to maintain its existence, its power and capacity to own its properties and assets, and its constitution and registration as an "RCA trust" within the meaning of the *Income Tax Act* (Canada), as may be amended from time to time;
- 6.1.3 have no assets other than the Policy, the entitlement, actual or contingent, to a refund of Refundable Tax, the Investco Loan and the Investco Security and cash and other liquid investments guaranteed as to safety of principal, and shall have no liabilities, debts or obligations, actual or contingent, present or future, other than to related parties, which liabilities shall not exceed \$5,000, and except for (i) the obligation to pay Refundable Tax on any income earned by the Borrower and (ii) Obligations under the Loan Documents and liabilities under the Policy;
- 6.1.4 comply with the requirements of all Applicable Law, and all contracts to which it is a party or by which it is bound;
- 6.1.5 pay and discharge all taxes and claims payable by it (including, without limitation, any additional payments of Refundable Tax due from time to time as a result of interest earned in the Side Account and on the Investco Loan or otherwise);
- 6.1.6 as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:
 - 6.1.6.1 the commencement of any Proceeding against or affecting it;
 - 6.1.6.2 any development which might have a material adverse effect upon its ability to perform its obligations under any Loan Document; and
 - 6.1.6.3 any Default or Event of Default, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

- 6.1.7 deliver or cause to be delivered to the Lender on an annual basis on or before the Review Date (or more frequently if required by the Lender), other than interim financial statements that shall be provided as detailed below:
- 6.1.7.1 its annual audited financial statements for the most recently completed fiscal year;
 - 6.1.7.2 confirmation that it has filed all annual financial statements and other filings required to be made with CCRA together with copies of all such filings, and confirmation (i) that it has remitted to CCRA all amounts payable under Part XI.3 of the Income Tax Act (Canada) on account of Refundable Tax and (ii) as to the aggregate amount of its Refundable Tax account;
 - 6.1.7.3 a policy statement from the Insurer in respect of the Policy (which shall include a statement as to the amount of the Death Benefit, the Policy Value, the Sum Insured, the Cash Surrender Value and the Side Account value as at the end of the applicable period);
 - 6.1.7.4 a personal financial statement of the Beneficiary, with written confirmation of the Beneficiary's annual income and that the Beneficiary's has paid all taxes then due and payable by it;
 - 6.1.7.5 chartered accountant reviewed annual financial statements of Investco and Opco and any affiliates of Opco specified by the Lender (on a consolidated basis for Opco, if available) which financial statements the Lender may, in its sole discretion, require to be audited;
 - 6.1.7.6 internally prepared six and twelve month financial statements of Opco and any affiliates of Opco specified by the Lender (on a consolidated basis for Opco, if available), within 45 days of the applicable fiscal period end;
 - 6.1.7.7 promptly after receipt thereof from the Insurer, any notice from the Insurer that the Policy will lapse because the Investment Account of the Policy has been reduced to nil or for any other reason;
 - 6.1.7.8 as soon as practicable following a request therefor from the Lender, such financial or other information as the Lender may reasonably request from time to time; and
 - 6.1.7.9 any additional reports, agreements or certificates which the Lender may reasonably request from time to time.
- 6.1.8 ensure the Policy Value, Death Benefit and Cash Surrender Value of the Policy, and all amounts payable in connection with Involuntary Surrender under the Policy, shall at all times (subject only to the Security Documents) be payable in full to the Borrower, the Death Benefit entitlement of the Borrower shall at all times be not less than the principal amount of the Loan and at all times comply

with all of the provisions of the Policy, including without limitation all information requests by the Insurer made under the terms of the Policy;

- 6.1.9 use the net proceeds of the Loan only for the purpose of making the Investco Loan, shall make the Investco Loan immediately upon the advance of the Loan, shall forthwith deliver to the Lender the executed originals of the Investco Note and the Investco Security and shall cause Investco to forthwith deliver to the Lender the executed original of the Opco Note;
- 6.1.10 pay to the Lender, immediately on receipt thereof, the full amount (to the extent of the Obligations outstanding) of any refund of Refundable Tax or any other refund or return of amounts remitted on account of Refundable Tax, to be applied to the outstanding Obligations; and
- 6.1.11 open and maintain an account with CUCORP, transit number 64378-889 for the purpose of receiving the advance of the Loan and, unless otherwise directed by the Lender, making payments as required hereunder, and shall complete all documentation required by the Lender for the purpose of causing all payments to be made by direct debit of such account.
- 6.1.12 Contemporaneously with the advance of the Loan, the Borrower shall cause Lemare Lake to repay its existing indebtedness to Investco as evidenced by promissory notes dated March 12, 1999 and February 21, 2000 in the aggregate amount of \$5,850,000.00; shall cause Investco to in turn repay its existing indebtedness to the Borrower as evidenced by promissory notes dated March 12, 1999 and February 21, 2000 in the aggregate amount of \$5,850,000.00; shall repay in full the RCA Trust's existing indebtedness to CIT Credit Group (Alberta) Inc. in the aggregate principal amount to \$5,850,000.00 and shall obtain from CIT Credit Group (Alberta) Inc. a release of all security granted in respect of that indebtedness. The Lender acknowledges that the representations, warranties and covenants contained in this Agreement shall be construed in a manner which reflects the assets described herein and the foregoing repayment arrangements.

6.2 Lender Entitled to Perform Covenants

If the Borrower fails to perform any covenant contained in section 6.1, the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the Loan from time to time and shall be payable by the Borrower on demand.

6.3 Negative Covenants

So long as any Obligations remain outstanding, the Borrower covenants and agrees that it shall not:

- 6.3.1 sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any Lien upon all or any part of its property or assets, except pursuant to the Security Documents;

- 6.3.2 incur any indebtedness, liabilities, obligations or commitments other than the Obligations or otherwise incur any liabilities, contingent or otherwise, except as contemplated in section 6.1.3, without the prior written consent of the Lender and prior notice to the Rating Agency;
- 6.3.3 enter into or permit any amendment, modification or termination of the Investco Loan, the Investco Security, the Opco Loan, the Trust Agreement, the agreement referred to in section 7.1.3.9 or, except as contemplated herein, the Retirement Income Plan, without the prior written consent of the Lender;
- 6.3.4 cancel, terminate, surrender (in whole or in part), permit the lapse of or (without the prior written consent of the Lender) amend the Policy, or borrow against or make any cash withdrawals from the Policy (excluding, for greater certainty, transfers by the Insurer from the Side Account to the Investment Account, and vice versa, in accordance with the terms of the Policy, and withdrawals for the purpose of paying any Refundable Tax due on interest earned in the Side Account);
- 6.3.5 make or cause to be made any distribution to any person of the whole or any part of its property or assets, including without limitation a distribution of capital;
- 6.3.6 accept any further contributions, unless (i) the Borrower promptly delivers to the Lender notice and evidence of the contribution and evidence of payment to CCRA of any Refundable Tax due in connection with such contribution, and (ii) the balance of such contributions, after payment of any Refundable Tax due, is invested only in the Policy as an additional premium payment (in accordance with the terms of the Policy) or in cash or other liquid investments guaranteed as to safety of principal;
- 6.3.7 make any election pursuant to subsection 207.5(2) of the Income Tax Act (Canada) (or any successor provision) or otherwise in respect of Refundable Tax without the prior written consent of the Lender;
- 6.3.8 permit the Trustee to resign as trustee without the Lender's prior written consent to the new trustee, which consent shall not be unreasonably withheld;
- 6.3.9 permit the Trustee to delegate any of its administrative duties as trustee or any Obligations hereunder other than (i) the delegation of accounting services to a nationally recognized accounting firm approved by the Lender; or (ii) otherwise with prior written approval of the Lender and of the Rating Agency to the proposed delegation;
- 6.3.10 permit the Trustee to take any action or omit to take any action that would have the effect of impairing or injuring its rights of indemnity and exoneration out of the property and assets of the Borrower; and
- 6.3.11 exercise any right under the Trust Agreement to elect that the Trust Agreement take effect and be subject to the laws of a jurisdiction, other than the laws of the jurisdiction of the Trust Agreement stated in section 5.1.1.

- 6.3.12 Opco shall not without the prior written consent of the Lender, advance or provide credit of any kind, in excess of 5% of the aggregate net assets of Opco, to any entity that is owned in whole or in part by the Beneficiary or any member of the Beneficiary's family, unless the proposed borrower first agrees, to the extent not already bound, to be bound by the Opco Note and execute a counterpart of the Opco Note or otherwise agrees in a manner satisfactory to the Lender to be bound by the Opco Note, with such modifications to the Opco Note as may be necessary in the circumstances.

ARTICLE 7 CONDITIONS PRECEDENT

7.1 Conditions Precedent to the Loan

The Lender shall be satisfied that each of the following conditions precedent has been satisfied prior to advance of the Loan, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion:

- 7.1.1 the representations and warranties set out in Article 5 and in the Security Documents shall be true and correct on the date of the advance of the Loan;
- 7.1.2 no Default or Event of Default shall have occurred nor shall there be any Default or Event of Default after or as a result of the advance of the Loan, and the making by the Borrower of the Investco Loan, on the date of the advance;
- 7.1.3 the Lender shall have received the following in each case in form and substance satisfactory to the Lender:
- 7.1.3.1 duly executed copies of the Trust Agreement, an agreement relating thereto pursuant to which the Lender has authority to replace the trustee of the Borrower with someone other than itself, and the Retirement Income Plan which shall provide by its express terms that the purpose of the arrangement is only to provide retirement income benefits to the Beneficiary on the Beneficiary's retirement from employment;
- 7.1.3.2 duly executed copies of the Policy and any documentation provided by the Insurer relating to projections of the future Death Benefit and Policy Value and guaranteed earnings and premiums with respect to the Policy;
- 7.1.3.3 a duly executed opinion from a nationally recognized accounting firm acceptable to the Lender as to the status of the Borrower as a trust governed by a "retirement compensation arrangement" within the meaning of the Income Tax Act (Canada);
- 7.1.3.4 a report from an actuarial firm acceptable to the Lender in respect of the establishment of the Borrower indicating an appropriate level of pension benefits for the Beneficiary and the contribution amount required to fund such pension benefits;

- 7.1.3.5 a duly executed certificate of the Borrower confirming the amount of contributions to the Borrower as specified in section 5.1.7, the remittance of all Refundable Tax payable by the Borrower and the amount of the Refundable Tax account of the Borrower;
- 7.1.3.6 a duly executed receipt from CCRA, or other documentary evidence satisfactory to the Lender, confirming remittance to CCRA of the requisite Refundable Tax;
- 7.1.3.7 with respect to Opco and Investco:
- (a) copies of the most recently completed three fiscal years' financial statements for Opco and (to the extent available) Investco;
 - (b) a corporate profile, together with a corporate chart showing any affiliates of Opco and Investco and detailing the relationships (including all ownership interests) between such affiliates; and
 - (c) an officer's certificate of Opco confirming (i) no material adverse change in the business, financial condition or assets of Opco since the date of the most recent financial statements of Opco provided to the Lender, (ii) the solvency of Opco, (iii) that the proceeds of the Opco Loan will be used for Opco's general corporate purposes and not in any manner which would defeat or hinder the interests of Opco's creditors, (iv) the employment of the Beneficiary by Opco, (v) the birth date of the Beneficiary and the current Retirement Date of the Beneficiary, and (vi) that Opco has complied with certain prescribed eligibility criteria.
- 7.1.3.8 a personal net worth statement of the Beneficiary and the last three years' personal tax returns for the Beneficiary;
- 7.1.3.9 a duly executed copy of an agreement between the Trustee and Lemare Lake relating to the remuneration of the Trustee as trustee of the Borrower;
- 7.1.3.10 duly executed copies of the Security Documents;
- 7.1.3.11 where the Borrower was in existence at the preceding calendar year end, a balance sheet of the Borrower as at such year end audited by a firm of chartered accountants acceptable to the Lender;
- 7.1.3.12 a duly executed general acknowledgment and consent by the Beneficiary and other interested parties in respect of the transactions contemplated by this Agreement;

- 7.1.3.13 an opinion of counsel to the Borrower, Investco, Opco and the Beneficiary (such counsel being acceptable to the Lender and the Lender's counsel, acting reasonably) as to matters relating to the Borrower, Investco, Opco, the Beneficiary, and the Loan Documents;
- 7.1.3.14 an opinion of Lender's counsel as to matters relating to the Loan Documents;
- 7.1.3.15 the Lender shall have received a payout letter in form satisfactory to it in respect of the RCA Trust's indebtedness to CIT Credit Group (Alberta) Inc. and shall be satisfied that such indebtedness, together with any existing indebtedness of Opco to Investco and Investco to the RCA Trust, shall be repaid in full contemporaneously with the advance of the Loan; and
- 7.1.3.16 such other documentation and information as the Lender shall have reasonably requested.
- 7.1.4 the Lender shall be satisfied that (i) immediately following the advance of the Loan, the Borrower shall make the Investco Loan and deliver to the Lender the Investco Security, and Investco shall make the Opco Loan and deliver to the Lender the Opco Note; (ii) the Investco Loan bears interest at a rate that exceeds the interest rate on the Loan by an amount sufficient to at least fund the projected operating expenses (including, without limitation, trustee fees) and insurance costs, if any, of the Borrower, and that the Opco Loan bears interest at a rate that exceeds the interest rate on the Investco Loan by an amount sufficient to at least fund the projected operating expenses and insurance costs, if any, of Investco and (iii) the fees provided for in section 3.2 are in turn payable by Investco and Opco such that (x) Opco is the ultimate payor of such fees and (y) the principal amount of the Loan, the Investco Loan and the Opco Loan are in identical amounts;
- 7.1.5 there shall have been no material adverse change in the financial position of the Insurer since the date of the Lender's commitment letter relating to the Loan;
- 7.1.6 all amounts payable in connection with the advance of the Loan under sections 3.2 and 3.5.1, shall have been paid in full, and the initial annual payment to the Trustee pursuant to the agreement referred to in section 7.1.3.9 shall have been paid in full by Lemare Lake;
- 7.1.7 the aggregate contributions made to the Borrower shall not exceed the contribution amount specified in the actuarial report referred to in section 7.1.3.4.
- 7.1.8 the Lender shall have received credit approval of the Loan amount from Credit Union Central of Saskatchewan's credit committee on or before January 15, 2003.

ARTICLE 8 EVENTS OF DEFAULT AND REMEDIES

8.1 Events of Default

Without in any way derogating from the Lender's right to demand repayment of the Loan at any time during the Bridge Period, the occurrence of any of the following events (either during or at any time after the Bridge Period) shall constitute an "Event of Default":

- 8.1.1 any failure by the Borrower to pay, when due, by demand or otherwise, any payment of principal or interest on the Loan, any fees, expenses or any other Obligations owing under this Agreement, in any case within one Banking Day of such amount becoming due and payable;
- 8.1.2 any failure by the Borrower to perform or observe any covenant, condition or obligation contained in any Loan Document unless such failure, if capable of being remedied, is remedied within 5 Banking Days after the earlier of (i) notice thereof by the Lender to the Borrower and (ii) the Borrower becoming aware of such failure;
- 8.1.3 any representation or warranty made by the Borrower in any Loan Document is found to be false, inaccurate or incomplete in any way so as to make it materially misleading when made or deemed to have been made;
- 8.1.4 (i) any Event of Default occurs under and as defined in either the Investco Note or the Opco Note, or (ii) Opco fails to pay any amount due to the Trustee pursuant to the agreement referred to in section 7.1.3.9 and such failure is not remedied within 3 Banking Days after notice from the Trustee or the Lender;
- 8.1.5 the Policy is cancelled, voided, surrendered (in whole or in part) or permitted to lapse, or is amended without the prior written consent of the Lender, or any notice of forthcoming lapse of the Policy is given by the Insurer, or any misrepresentation or misstatement was made in respect of the Insured in connection with the obtaining of the Policy entitling the Insurer to terminate or adjust the coverage on the Policy;
- 8.1.6 the Death Benefit entitlement of the Borrower is at any time less than the principal amount of the Loan; the entitlement of the Borrower to Refundable Tax is at any time less than 50% of the aggregate of all contributions to the Borrower (plus the full amount of any Refundable Tax required to be remitted on income earned by the Borrower); or, the Policy has at any time an Involuntary Surrender Value other than that described in the Policy or the Policy Value is at any time less than 80% of the sum of the initial premium and initial bonus of the Policy;
- 8.1.7 the claims paying ability of the Insurer, after giving effect to any applicable reinsurance arrangements, ceases to be ascribed the highest possible rating by the Rating Agency (or, if not rated by the Rating Agency, both of Moody's Investor Service, Inc. and Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.) or such other rating as may be acceptable to the Rating Agency and the Lender (an "Acceptable Rating"), unless within 90 days of such

event, alternative arrangements have been entered into resulting in (i) an Acceptable Rating for such Insurer, (ii) other credit enhancement satisfactory to the Rating Agency and the Lender, or (iii) a replacement insurer satisfactory to the Rating Agency and the Lender;

- 8.1.8 the death of the Insured as determined in accordance with the Policy and Applicable Law;
- 8.1.9 termination (whether voluntary or involuntary) of the employment of the Beneficiary or the Insured with Opco, other than as a result of death;
- 8.1.10 any changes to the share ownership of Opco, without the prior written permission of the Lender;
- 8.1.11 either of the Borrower, Investco, Opco or the Beneficiary admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency, becomes insolvent or commits an "act of bankruptcy" as set out in the Bankruptcy and Insolvency Act (Canada);
- 8.1.12 the Borrower, Investco, Opco or the Beneficiary institutes any proceeding, or any proceeding is commenced against or involving any of the Borrower, Investco, Opco or the Beneficiary:
 - (a) seeking to adjudicate Borrower, Investco, Opco or the Beneficiary bankrupt or insolvent;
 - (b) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of Borrower, Investco, Opco or the Beneficiary or any of their respective properties or assets or debts or making a proposal with respect to either of them under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
 - (c) seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for Borrower, Investco, Opco or the Beneficiary or for any part of their respective properties and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than 15 days from the institution of such first mentioned proceeding;

- 8.1.13 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property or asset of the Borrower or of Investco or any material property or asset of the Borrower, Opco or the Beneficiary;
- 8.1.14 there is a change in Applicable Law (or in the interpretation thereof by CCRA or any other relevant governmental authority) relating to retirement compensation arrangements generally, which change materially adversely affects the collateral

subject to or intended to be subject to the Security Documents or the Lender's ability to recover the proceeds thereof;

- 8.1.15 there is a material adverse change, in the sole opinion of the Lender, in the business, financial condition or assets of Opco; or
- 8.1.16 the Security Documents fail to effect a valid and perfected first priority Lien in the relevant collateral described therein and such failure, if capable of being remedied, is not remedied to the satisfaction of the Lender, in its sole discretion, within one Banking Day of the earlier of (i) notice thereof by the Lender and (ii) the Borrower becoming aware thereof.

8.2 Remedies Upon Default

Upon the occurrence of any Event of Default (without in any manner limiting the right of the Lender to demand repayment of the Loan at any time during the Bridge Period), the Lender shall be entitled at its sole option to do any or all of the following:

- 8.2.1 declare the full principal amount of the Loan, together with all accrued interest and all other Obligations to be immediately due and payable, (which Obligations may in such case include a Make Whole Payment);
- 8.2.2 realize upon all or any part of the security granted pursuant to the Security Documents and exercise any or all of its rights and remedies thereunder and under Applicable Law, provided however that the Lender has no obligation to preserve rights to the security granted pursuant to the Security Documents or marshal any security granted pursuant to the Security Documents for the benefit of any of the Borrower's creditors;
- 8.2.3 surrender and terminate or instruct the Borrower to surrender and terminate all or any part of the Policy for the purpose of obtaining the Policy Value of the Policy as well as any additional amounts payable in connection with Involuntary Surrender under the Policy;
- 8.2.4 instruct the Trustee (or a replacement trustee appointed by the Lender) to make such elections and take such other steps as are required to obtain a full refund of Refundable Tax of the Borrower and, in connection therewith, the Borrower agrees promptly upon request of the Lender as may be made from time to time to perform any or all of the following: (i) exercise the Borrower's put right in respect of the Investco Loan and the Investco Security under the agreement referred to in section 4.1.1.2, (ii) forgive that portion (if any) of the Investco Loan which exceeds the fair market value thereof (as determined by the Borrower, acting reasonably and approved by the Lender), or (iii) assign, transfer and convey in favour of the Lender, the Investco Loan and the Investco Security at the fair market value thereof, with the consideration payable by the Lender therefor being satisfied by a corresponding reduction of the Borrower's Obligations in the amount of such fair market value;

- 8.2.5 whether or not it has exercised the remedies in section 8.2.4 above, demand repayment of the Investco Loan and enforce the rights and remedies of the Borrower under the Investco Security;
- 8.2.6 set-off any obligations and liabilities of the Lender to the Borrower, general or special, matured or unmatured, against any of the Obligations; and
- 8.2.7 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider advisable,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents.

For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time during the Bridge Period. The Lender may, from time to time during the Bridge Period, review the Loan and in exercising its discretion to maintain or demand the Loan may consider factors other than the occurrence or non-occurrence of a Default or Event of Default hereunder.

8.3 Power of Attorney; Further Assurances

The Borrower hereby grants to the Lender an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of the Borrower or in the name of the Lender all steps necessary or advisable in its sole discretion to effect the remedies described in Section 8.2, including without limitation the filing of any return or other document with CCRA, the execution and delivery of any put agreement, the termination and surrender of the Policy, or otherwise, and to execute and deliver, in the Borrower's name and on the Borrower's behalf, such instruments and documents necessary or desirable to evidence or protect the interests of the Lender evidenced by the Loan Documents and to execute and file, in the Borrower's name and on the Borrower's behalf, such recording, registration, financing or similar statements (including any amendments, renewals and continuation statements) under applicable laws, in such jurisdictions where it may be necessary to validate, perfect or protect the interests of the Lender as aforesaid. The Borrower hereby waives as against the Lender the rules of marshaling as they may relate to the enforcement of security for the benefit of any other creditor of the Borrower, and the collection of the Obligations hereunder; and further the Borrower shall execute and deliver such additional documents and shall take such further actions as the Lender may reasonably request to effect or evidence such interests or otherwise give effect to the foregoing.

8.4 Limitation on Trustee's Liability

Notwithstanding any other provision of this Agreement, it is acknowledged that the Trustee is a party to this Agreement and the other Loan Documents solely in its capacity as trustee of the Borrower. No recourse shall be had against any assets of the Trustee in its personal capacity or in any other capacity other than as trustee of the Borrower hereunder except to the extent:

- (a) there has been a breach of any of the Borrower's covenants as a result of gross negligence or willful misconduct of the Trustee, or otherwise arising from the gross negligence or willful misconduct of the Trustee; or
- (b) the Borrower had actual knowledge that any of the representations and warranties contained in Article 5 hereof were false, inaccurate or incomplete, at the time such representations and warranties were made or deemed to be made;

and, as a direct result of either (a) or (b), the assets of the Borrower are insufficient to satisfy the Obligations.

8.5 Distributions

All distributions under or in respect of any of the security granted pursuant to the Security Documents shall be applied by the Lender on account of the Obligations without prejudice to any claim by the Lender for any deficiency after such distributions are received by the Lender. All such distributions shall be applied to such part of the Obligations as is determined by the Lender in its sole discretion.

8.6 Indemnity

The Borrower acknowledges that upon the occurrence of an Event of Default the Lender may, in order to maintain a reserve fund for pursuing its rights and remedies under the Security Documents, elect not to immediately apply all proceeds of the security granted pursuant to the Security Documents toward the repayment of Notes and that, as a consequence, the Lender's cost of funds in connection with the Notes may exceed the Securitization Entity's Cost of Funds for certain periods. The Borrower hereby agrees to indemnify the Lender for any amounts by which the Lender's cost of funds in connection with the Notes (expressed as a dollar amount) exceeds the amount of interest accruing hereunder at the Floating Rate less the portion of such interest attributable to the Applicable Margin.

8.7 Additional Protections for the Lender

- 8.7.1 Notwithstanding the reduction of the outstanding Obligations to nil or to an amount less than the value of the assets of the Borrower as a result of the exercise of any of the remedies referred to in section 8.2.4, until such time as the Lender shall have converted into cash any asset of the Borrower acquired by it on the exercise of any such remedies (including, without limitation, the Investco Loan and the Investco Security) and the Borrower has complied with section 8.7.2, the Borrower shall not make or cause to be made any distribution to any person, other than the Lender, of the whole or any part of the property and assets of the Borrower.
- 8.7.2 If, as a result of the exercise of any of the remedies referred to in section 8.2.5, the Lender shall have acquired from the Borrower (in exchange for a corresponding reduction of the Obligations) any asset of the Borrower at a fair market value estimated by the Borrower, and the Lender, having made reasonable commercial efforts, subsequently realizes cash proceeds less than the estimated fair market value paid for such asset, the Borrower agrees to pay to the

Lender, by way of adjustment of the purchase price paid by the Lender for such asset, the amount by which the estimated fair market value paid exceeds the cash proceeds so realized by the Lender.

- 8.7.3 The obligations of the Borrower under this section 8.7 shall survive satisfaction in full of the Obligations and termination of this Agreement.

ARTICLE 9 GENERAL

9.1 Amendment and Waiver

No amendment or waiver of any provision of any Loan Document or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by an officer of the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

9.2 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Banking Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications shall be addressed as follows:

- (a) if to the Borrower:

Co-operative Trust Company of Canada, in its capacity as trustee of David C.
Dutcyvich RCA Trust
333 3rd Avenue North
Saskatoon, SK S7K 2M2
Attention: Vice-President/Corporate Secretary
Facsimile number: (306) 652 7614

and a copy to Lemare Lake:

Lemare Lake Logging Ltd.
3341 Mine Road
Port McNeill, B.C. V0N 2R0
Attention: President
Facsimile Number: (250) 956 4888

- (b) if to the Lender:

CUCORP Financial Services
Box 3030
2055 Albert Street
Regina, Saskatchewan S4P 3G8
Attention: Hugh Balkwill
Facsimile number: (306) 566 7401

9.3 Further Assurances

Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with the Loan and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan Documents and the rights of the Lender therein, all promptly upon the request of the Lender.

9.4 Assignment

This Agreement and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns. The Borrower shall not assign all or any part of its rights or benefits under this Agreement, except that the Trustee may assign this Agreement to a successor trustee consented to by the Lender in accordance with section 6.3.8, pursuant to documentation satisfactory to the Lender (which shall provide for the assumption by the successor trustee of all obligations of the Borrower under the Loan Documents). The Lender may assign all or part of its rights in respect of the Obligations and the Loan Documents to any person, including without limitation in connection with the Securitization, without the consent of the Borrower.

9.5 Confidentiality

Each of the parties hereto shall make all reasonable efforts to hold all non-public information obtained pursuant to this Agreement and the transactions contemplated hereby or effected in connection herewith in accordance with its customary procedures for handling its confidential information of this nature, provided that, notwithstanding the foregoing, such parties may make disclosure of such non-public information (i) as requested or required by any Governmental Authority or representative thereof or pursuant to legal process of when required under Applicable Law, (ii) to the Rating Agency or their respective professional advisors who use such information; (iii) to any proposed assignee or third party involved in the disposition of the Loan and the Security Documents, or (iv) solely for the purposes of the transactions contemplated hereby.

9.6 Counterparts

This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

M.S.

9.7 Entire Agreement

The Loan Documents constitute the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Loan including the Letter of Agreement between the Borrower, Opco, Investco and the Beneficiary dated December 17, 2002, 2002. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth or referred to in the Loan Documents. The Loan Documents have been drafted in English at the Borrower's request. Ce document et tous les documents y afférents ont été rédigés en anglais à la demande de l'emprunteur.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity

By: *Elaine Lépage*
Name: ELAINE LÉPAGE
Title: SENIOR TRUST OFFICER

By: *Kathy Weber*
Name: Kathy Weber
Title: Manager, Trusteeship Services

Saskatchewan Cooperative Financial Services Limited, operating as CUCORP Financial Services

By: *Garth Walker*
Name: GARTH WALKER
Title: Relationship Manager

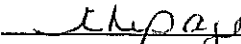
By: *Hugh Bai Kwii I*
Name: HUGH BAI KWII I
Title: ASSOCIATE VICE PRESIDENT


9.7 Entire Agreement

The Loan Documents constitute the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Loan including the Letter of Agreement between the Borrower, Opco, Investco and the Beneficiary dated December 17, 2002, 2002. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth or referred to in the Loan Documents. The Loan Documents have been drafted in English at the Borrower's request. Ce document et tous les documents y afférents ont été rédigés en anglais à la demande de l'emprunteur.


IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

**Co-operative Trust Company of Canada, in
its capacity as trustee of the David C.
Dutcyvich RCA Trust and not in its personal
capacity**

By: 
Name: ELAINE LEDAGE
Title: SENIOR TRUST OFFICER

By: 
Name: Kelly Weber
Title: Manager, Trusteeship Services

**Saskatchewan Cooperative Financial Services
Limited, operating as CUCORP Financial
Services**

By: 
Name: GARTH WALKER
Title: Relationship Manager

By: 
Name: HUGH BALKWILL
Title: ASSOCIATE VICE PRESIDENT

SCHEDULE "A" FORM OF NOTICE TO BE GIVEN PURSUANT TO SECTION 2.2 OF THE LOAN AGREEMENT

TO: Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust (the "Borrower")

RE: Securitization Date

Reference is made to a loan agreement (the "Loan Agreement") dated as of January 2, 2003 between the Borrower and the undersigned. All terms used in this Notice and not otherwise defined have the meanings attributed thereto in the Loan Agreement.

The Lender hereby gives notice to the Borrower pursuant to section 2.2 of the Loan Agreement that the Securitization Date is the _____ day of _____, 200●.

DATED this _____ day of _____, 200●.

Saskatchewan Co-operative Financial Services Limited, operating as CUCORP Financial Services

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PROMISSORY NOTE

Date: January 2, 2003
Amount: \$10,000,000.00

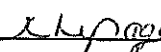
FOR VALUE RECEIVED the undersigned hereby unconditionally promises to pay to or to the order of the Saskatchewan Co-operative Financial Services Limited, operating as **CUCORP Financial Services** or its assigns (the "RCA Lender"), in lawful money of Canada, the principal amount of this note (or such part thereof as may from time to time be outstanding), together with all accrued and unpaid interest thereon and all other amounts owing to the RCA Lender under the loan agreement, as amended, restated or replaced from time to time, dated as of January 2, 2003 between the undersigned and the RCA Lender (the "Loan Agreement"), all in accordance with the provisions regarding the payment of such Obligations set forth in the Loan Agreement.

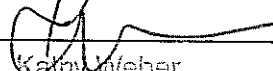
This promissory note is issued pursuant to and is subject to the provisions of the Loan Agreement. All terms used in this promissory note which are defined in the Loan Agreement have the meanings attached thereto in the Loan Agreement.

The undersigned waives presentment for payment, notice of non-payment, protest and notice of protest of this promissory note and diligence in collection or bringing suit.

This promissory note shall be governed by and construed in accordance with the laws of the Province of British Columbia.

**Co-operative Trust Company of Canada,
in its capacity as trustee of the David C.
Dutcyvich RCA Trust, and not in its
personal capacity**

By: 
Name: ELAINE LEPAGE
Title: SENIOR TRUST OFFICER

By: 
Name: Kathy Weber
Title: Manager, Trusteeship Services

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of the 2nd day of January, 2003 by **Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity** (the "Debtor")

In favour of: Saskatchewan Co-operative Financial Services Limited, operating as **CUCORP Financial Services** (together with its successors and assigns, the "Secured Party");

WHEREAS the Debtor has entered into the Loan Agreement with the Secured Party pursuant to which the Secured Party has advanced the Loan to the Debtor;

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all the Obligations, a security interest and assignment, mortgage and charge over the assets of the Debtor granted herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties thereto, the Debtor agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement,

"Agreement" means this agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms 'this Agreement', 'hereof', 'hereunder' and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;

"Collateral" has the meaning attributed thereto in Section 2.1, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;

"Event of Default" means an Event of Default as defined in the Loan Agreement;

"Loan" means the loan made by the Secured Party to the Debtor pursuant to the Loan Agreement;

"Loan Agreement" means the loan agreement dated the date hereof between the Debtor and the Secured Party, as amended, restated or replaced from time to time;

"Obligations" means all indebtedness, liabilities or other obligations of the Debtor to the Secured Party including, without limitation, under or in respect of the Loan Agreement, whether present or future, absolute or contingent, direct or indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise; and "Receiver" means any receiver or receiver and manager or agent appointed by the Secured Party pursuant to this Agreement.

1.2 Additional Definitions

The terms "accessions", "chattel paper", "documents of title", "goods", "Instruments", "Intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meanings given to those terms in the Personal Property Security Act (the "PPSA") of the relevant jurisdiction determined in Section 7.11, as now enacted or as the same may from time to time be amended, reenacted or replaced.

1.3 References to Articles and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.4 Gender and Number

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

ARTICLE 2 GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns as security, grants a security interest in and, for the purpose of the province of Quebec, hereby hypothecates for the amount of \$20 million, with interest thereon calculated at the rate of 15% per annum, all of its present and after-acquired property, both real and personal, (collectively, the "Collateral"), in favour of the Secured Party. Without limiting the generality of the foregoing, the

Collateral shall include all right, title and interest that the Debtor now has or may hereafter acquire, be possessed of, or entitled to in all property of the following kinds:

- (a) Accounts Receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in the business of the Debtor or that are raw materials, work in process or materials used or consumed in a business or profession (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not Inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, notes, stocks, warrants, bonds, debentures, debenture stocks and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.1 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including, but not limited to, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and
- (k) Proceeds: all proceeds, including proceeds of proceeds, of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures

derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property.

2.2 Collateral Not Included

Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust to assign the same as the Secured Party shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such contractual rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage, hypothec and charge granted hereby.

2.3 Security Interest Valid

The security interest made or created by or pursuant to this Agreement shall be and are hereby deemed to be effective, and value given therefore, as of and from the date hereof, whether or not any of the money or obligations secured by this Agreement shall be advanced or received or shall arise before or after the date of this Agreement.

2.4 Attachment

The Debtor and the Secured Party agree that it is their intention that the security interest hereby created shall attach immediately to the Collateral in which the Debtor has any interest on the date hereof, and, with respect to after-acquired property, forthwith at the time the Debtor shall acquire an interest therein.

ARTICLE 3 GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and acknowledges that such representations and warranties shall survive the execution of this Agreement and shall be made on a continuous basis until the Obligations have been irrevocably satisfied in full, that:

- (a) the Debtor, if a corporation is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation and if not a corporation, has been validly created and exists under the laws of its jurisdiction; the Debtor has the power and capacity, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor and enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, bylaws or other constating documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party or by which the Debtor or any of its property may be bound or affected or applicable law;
- (b) all financial information provided by or on behalf of the Debtor to the Secured Party is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to the Secured Party;
- (c) all of the Collateral is free from any liens, charges, security interests, mortgages, hypothecs or other encumbrances; and
- (d) the Debtor's sole place of business, or if it has more than one place of business, its chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.6 of this Agreement.

3.2 Covenants

The Debtor covenants with the Secured Party that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.1 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons (other than the Secured Party) at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens, hypothecs and other encumbrances or interests;
- (e) it shall not change its sole place of business or chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.1(d) without the prior written consent of the Secured Party;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (g) it shall from time to time forthwith at the request of the Secured Party furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party shall have access to all premises occupied by the Debtor or where the Collateral may be found;
- (h) it shall mark any and all Collateral at the Secured Party's request so as to indicate the existence of the security interest;
- (i) it shall keep the Collateral in good order and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement between the Debtor and the Secured Party relating to the

Collateral or any policy insurance Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;

- (j) it shall notify the Secured Party promptly of:
 - (i) any material change in the information in the Loan Agreement or this Agreement relating to it, its business or the Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any material claims or litigation affecting it or the Collateral;
 - (iv) any loss or material impairment of the Collateral;
 - (v) any material default by any person in payment or other performance of its obligations with respect to the Collateral; and
 - (vi) the return to or repossession by it of Collateral;
- (k) it shall from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment, mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party, and any Receiver appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;
- (l) it shall not change its name without first giving notice to the Secured Party of its new name and the date when such new name is to become effective; and
- (m) it shall pay to the Secured Party forthwith upon demand all reasonable costs, charges and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage, hypothec and charge granted hereby and the enforcement by any means of any of the provisions hereof, or the exercise of any rights, powers or remedies hereunder including, without limiting the generality of the foregoing, all such costs, charges and expenses in connection with taking

possession of the Collateral, carrying on the Debtor's business, collecting the Debtor's accounts and taking custody of, preserving, repairing, processing, preparing for disposition and disposing of the Collateral, together with interest on such costs, charges and expenses from the dates incurred to the date of payment at the prime rate; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

3.3 Equipment

The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear excepted, and the Secured Party may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary, and the cost of such inspection and repairs shall be payable by the Debtor to the Secured Party upon demand.

3.4 Securities, Instruments, Chattel Papers and Negotiable Documents of Title

If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by the Secured Party, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to the Secured Party and, if requested by the Secured Party, will cause such securities included in the Collateral to be registered in the Secured Party's name so that the Secured Party may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and the Secured Party will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of the Secured Party's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor hereby waives all right to receive any such distribution and all other rights after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default, the Debtor shall immediately surrender any such proxy to the Secured Party.

ARTICLE 4 INSURANCE

4.1 Insurance

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less

than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to the Secured Party. All such policies shall name the Secured Party as an additional insured and the loss payee thereof, as the Secured Party's interests may appear, and shall provide that the insurer will give the Secured Party at least 10 days written notice of intended cancellation. At the Secured Party's request, the Debtor shall furnish the Secured Party with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect. The Debtor shall give the Secured Party notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, the Secured Party shall have the right, but not the obligation, without notice or demand upon the Debtor and without releasing the Debtor from any Obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such Obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such Obligations shall be immediately due and payable by the Debtor.

ARTICLE 5 DEALING WITH COLLATERAL

5.1 Dealing with Collateral by the Debtor

The Debtor shall not: (i) sell, assign, transfer, exchange, consign, lease or otherwise dispose of any of the Collateral; (ii) move or transfer the Collateral from its present location; or (iii) create, assume or suffer to exist any lien upon the Collateral, without the prior written consent of the Secured Party, except as otherwise agreed in writing by the Secured Party and except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage, hypothec and charge granted hereby, and subject to Section 5.2, collect Receivables in the ordinary course of its business.

5.2 Notification of Account Debtors

Before or after an Event of Default occurs, the Secured Party may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request.

5.3 Application of Funds

Except where the Debtor, before an Event of Default occurs, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 6 REMEDIES

6.1 Remedies

Upon the occurrence of any Event of Default and at any time thereafter, the Secured Party shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by the Secured Party directly or through Receivers, agents or nominees:

- (a) any or all of the Obligations shall at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of the Secured Party to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable;
- (b) the Secured Party may take steps to preserve the Collateral or its value in such manner as it considers appropriate;
- (c) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;

- (g) the Secured Party may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) the Secured Party may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the Debtor or for the maintenance, preservation, protection or realization of the Collateral; and
- (i) the Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral or may by appointment in writing appoint any person to be a Receiver of the Collateral and may remove any Receiver so appointed by the Secured Party and appoint another in his stead; and any such Receiver appointed by instrument in writing shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Secured Party hereunder or under the Personal Property Security Act of the relevant jurisdiction determined in Section 7.11 or as otherwise prescribed by law or in equity; provided that any such Receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver.

6.2 The Debtor further agrees with the Secured Party that:

- (a) the Secured party shall not, nor shall any Receiver appointed by it, be liable for any failure to exercise its rights, powers or remedies arising hereunder or otherwise, including without limitation any failure to take possession of, collect, enforce, realize, sell, lease or otherwise dispose of, preserve or protect the Collateral, to carry on all or any part of the business of the Debtor relating to the Collateral or to take any steps or proceedings for any such purposes. Neither the Secured party nor any Receiver appointed by it shall have any obligation to take any steps or proceedings to preserve rights against prior parties to or in respect of Collateral including without limitation any instrument, chattel paper or securities, whether or not in the Secured Party's or the Receiver's possession, and neither the Secured Party nor any Receiver appointed by it shall be liable for failure to do so; notwithstanding the foregoing, the Secured Party shall be liable if it fails to preserve or protect the Collateral and such failure is a result of the Secured Party's gross negligence or wilful misconduct;
- (b) the Secured Party may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the

Collateral and other security as the Secured Party may see fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder;

- (c) to facilitate the realization of the Collateral, the Secured Party may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as the Secured Party or the Receiver requires, free of charge, and the Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
- (d) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured;
- (e) any proceeds of realization of the Collateral may be applied by the Secured Party to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement, the Loan Agreement or any other agreement and any balance of such proceeds shall be applied by the Secured Party to payment of the Obligations in such order as the Secured Party may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall remain liable to pay any deficiency to the Secured Party forthwith on demand; and
- (f) Except as may be otherwise directed by the Secured Party, all proceeds received from time to time by such Receiver in carrying out its appointment shall be received in trust, or as agent in the Province of Quebec, for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

6.3 Remedies Not Exclusive

All rights, powers and remedies of the Secured Party under this Agreement may be exercised separately or in combination and shall be in addition to, and not in substitution for, any other security now or hereafter held by the Secured Party and any other rights powers and remedies of the Secured Party however created or arising. No single or partial exercise by the Secured Party of any of the rights, powers and remedies

under this Agreement or under any other security now or hereafter held by the Secured Party shall preclude any other and further exercise of any other right, power or remedy pursuant to this Agreement or any other security or at law, in equity or otherwise. The Secured Party shall at all times have the right to proceed against Collateral or any other security in such order and in such manner as it shall determine without waiving any rights, powers or remedies which the Secured Party may have with respect to this Agreement or any security or at law, in equity or otherwise.

6.4 Notice of Sale

Unless required by law, neither the Secured Party nor any Receiver appointed by it shall be required to give the Debtor any notice of any sale, lease or other disposition of the Collateral, the date, time and place of any public sale of Collateral or the date after which any private disposition of Collateral is to be made.

6.5 Monies Actually Received

The Debtor shall be entitled to be credited only with the actual proceeds arising from the possession, sale, lease or other disposition of, or realization of security on, the Collateral when received by the Secured Party or the Receiver and such actual proceeds shall mean all amounts received in cash by the Secured Party or the Receiver upon such possession, sale, lease or other disposition of, or realization of security on, the Collateral.

ARTICLE 7 GENERAL

7.1 Power of Attorney

The Debtor hereby appoints the Secured Party as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has herein agreed to execute, deliver and do or as may be required by the Secured Party or any Receiver to give effect to this Agreement or in the exercise of any rights powers or remedies hereby conferred on the Secured Party, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on the Secured Party. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

7.2 Set-Off

Upon the occurrence of an Event of Default, the Secured Party may at any time and from time to time, without notice to the Debtor or to any other person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Debtor and the Secured Party, and any other indebtedness

and liability of the Secured Party to the Debtor, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Secured Party may from time to time determine.

7.3 Dealings with Others

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and other persons and with Collateral and other security as the Secured Party sees fits and in accordance with this Agreement, without prejudice to the liability of the Debtor to the Secured Party or the rights, powers and remedies of the Secured Party under this Agreement.

7.4 Conflict

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

7.5 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of the Secured Party. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.6 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto together with the Loan Agreement, constitutes the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor except as expressly set forth herein.

7.7 No Waiver

No delay or failure by the Secured Party in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right unless otherwise expressly provided.

7.8 Severability

Each of the provisions contained in this Agreement is distinct and severable and if any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.9 Further Assurance

The Debtor agrees that it will from time to time, at the request of the Secured Party and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters, things and assurances as the Secured Party may deem necessary or desirable to perfect and preserve the security granted hereby and give effect to this Agreement. The Debtor shall pay all costs for searches and filings (by electronic means or otherwise) in connection with the registration, perfection and continuation of the security granted hereunder.

7.10 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by electronic means, addressed to the recipient as follows:

(a) to the Debtor:

Co-operative Trust Company of Canada, in its capacity as trustee of the
David C. Dutcyvich RCA Trust and not in its personal capacity
333 3rd Avenue North
Saskatoon, SK S7K 2M2
Attention: Vice-President/Corporate Secretary
Facsimile number: (306) 652 7614

(b) to the Secured Party:

CUCORP Financial Services
Box 3030
2055 Albert Street
Regina, Saskatchewan S4P 3G8
Attention: Hugh Balkwill
Facsimile number: (306) 566 7401

or such other address, electronic communication number or to the attention of such other Individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by electronic communication.

7.11 Amendment

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

7.12 Assignment

The rights of the Secured Party under this Agreement may be assigned by the Secured Party without the prior consent of the Debtor, free of any set-off, counterclaim or equities between the Debtor and the Secured Party, and the Debtor shall not assert against any assignee of the Secured Party any claim or defense that the Debtor has or may hereafter have against the Secured Party. The Debtor may not assign its obligations under this Agreement.

7.13 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage, hypothec and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.14 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

7.15 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

7.16 Limitation on Charge

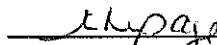
Notwithstanding any other provision of this Agreement, the Debtor and the Secured Party agree that the security interest, assignment, mortgage, hypothec and charge herein contained shall not extend to, and the Collateral shall not include, any claims which the Debtor may have against, or tax refunds or other moneys due and owing to the Debtor by, the Crown in right of Canada, to the extent that the assignment of such claim or amount due and owing is prohibited by or has not been made in compliance with the Financial Administration Act (Canada). For greater certainty, this section 7.12 shall in no way limit the Secured Party's security interest in all proceeds of any such claim or amount owing once received by the Debtor.

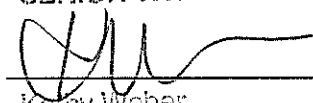
7.17 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement and a copy of the financing statement/verification statement registered under the PPSA in respect of the security interest.

IN WITNESS WHEREOF the Debtor has executed this Agreement this 2nd day of January, 2003.

**Co-operative Trust Company of Canada,
in its capacity as trustee of the David C.
Dutcyvich RCA Trust, and not in its
personal capacity**

By: 
Name: ELAINE LEPAGE
Title: SENIOR TRUST OFFICER

By: 
Name: Kathy Weber
Title: Manager, Trusteeship Services

ASSIGNMENT OF LOAN AND SECURITY

THIS ASSIGNMENT made as of the 2nd day of January, 2003

BY:

Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust, a trust governed by the laws of the Province of Saskatchewan, and not in its personal capacity

(the "Assignor")

IN FAVOUR OF:

Saskatchewan Co-operative Financial Services Limited, operating as **CUCORP Financial Services**, a corporation incorporated under the laws of Saskatchewan

(the "Assignee")

RECITALS:

- A. The Assignor has entered into the Loan Agreement with the Assignee pursuant to which the Assignee has advanced the Loan to the Assignor;
- B. In order to secure the payment and performance of the Obligations, the Assignor has agreed to assign to the Assignee the Investco Indebtedness and the Investco Security.

NOW THEREFORE in consideration of the sum of \$1.00 and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

For the purposes of this Agreement:

"Agreement" means this Agreement as may be amended, restated or replaced from time to time;

"Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;

"Assigned Property" has the meaning attributed thereto in section 2.1.;

"Event of Default" means an Event of Default as defined in the Loan Agreement;

"Investco" means 626309 Saskatchewan Ltd., a corporation incorporated under the laws of the Province of Saskatchewan, and its successors;

"Investco Indebtedness" means all indebtedness and liabilities of Investco to the Assignor of whatsoever nature, (including, without limitation, all indebtedness in respect of the Investco Loan), whether present or future, absolute or contingent, direct or indirect, matured or not, now existing or hereafter arising;

"Investco Loan" means the loan of \$10,000,000.00 made by the Assignor to Investco, evidenced by a promissory note dated the date hereof;

"Investco Security" means all security from time to time granted by Investco to the Assignor to evidence or secure the Investco Indebtedness, including, without limitation, a promissory note, a general security agreement and an assignment of the Opco Indebtedness, each dated the date hereof, as amended, restated or modified from time to time;

"Loan" means the loan of \$10,000,000.00 made by the Assignee to the Assignor pursuant to the Loan Agreement;

"Loan Agreement" means the loan agreement dated the date hereof between the Assignor and the Assignee, as the same may be amended, restated or replaced from time to time;

"Obligations" means all indebtedness, liabilities or other obligations of the Assignor to the Assignee from time to time, including without limitation in respect of the Loan Agreement, whether present or future, absolute or contingent, direct or indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise;

"Opco" means collectively 621745 Saskatchewan Ltd. and 3L Cattle Company Ltd., corporations incorporation under the laws of Saskatchewan and their respective successors and D.C. & E. Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., Lemare Lake Logging Ltd., C. & E. Roadbuilders Ltd. and Lone Tree Logging Ltd., corporations incorporated under the laws of the Province of British Columbia, and their respective successors;

"Opco Indebtedness" means all indebtedness and liabilities of Opco to Investco, of whatsoever nature, whether present or future, absolute or contingent, direct or

indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise;

"Opco Security" means all security from time to time, if any, provided to Investco by Opco as security for the Opco Indebtedness; and

"Security" means all of the security from time to time granted by the Assignor to the Assignee to secure the obligations of the Assignor under the Loan Agreement.

1.2 Invalidity, etc.

Each of the provisions contained in this Agreement is distinct and severable and if any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect,

1.3 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2 ASSIGNMENT

2.1 Assignment

The Assignor hereby assigns, transfers, conveys and sets over to and in favour of the Assignee, as general and continuing security for the payment, performance and satisfaction of the Obligations, all of its right, title and interest in and to the Investco Indebtedness and the Investco Security (collectively, the "Assigned Property"), including without limitation the Investco Loan, the promissory note evidencing the Investco Loan and all agreements, instruments, certificates or other documents delivered in connection therewith, and all proceeds received or receivable upon payment of all or any part of the Investco Indebtedness, at maturity or otherwise, and the benefit of all conditions, terms, covenants and agreements contained in the Investco Security for the benefit of the Assignor.

ARTICLE 3 REMEDIES

3.1 Remedies

Upon the occurrence of an Event of Default, the Assignee may, without notice to the Assignor except as may be required by Applicable Law, realize on the Assigned Property and exercise all of the rights and remedies of the Assignor in respect of the Assigned Property, including, without limitation, the right to collect, demand, sue for, realize, sell or otherwise deal with any indebtedness comprising part of the Assigned Property in such manner, upon such terms and conditions and at such time or times as may seem to the Assignee advisable and without notice to the Assignor (except as otherwise required by Applicable Law), and may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal fees) in or in connection with collecting, realizing, selling or obtaining payment of such indebtedness and may add the amount of such sums as part of the Obligations.

3.2 Moneys in Trust

The Assignor shall direct the other party to pay all monies payable to the Assignor directly to the Assignee. Any monies collected or received by the Assignor in respect of the Assigned Property notwithstanding such direction shall be received as trustee for the Assignee, and shall be forthwith paid over to the Assignee by the Assignor.

The Assignee may apply the amounts collected or received by it in accordance with the provisions of this Agreement on account of such parts of the Obligations as the Assignee deems best or hold the same in a separate Assigned Property account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.

3.3 Notification

The Assignee may notify Opco or Investco, as the case may be, to make payments in respect of any indebtedness comprising part of the Assigned Property directly to the Assignee or to a person designated by the Assignee.

3.4 Effectiveness

This Agreement shall remain in full force and effect, and shall constitute continuing security for the Obligations until the full payment, performance and satisfaction of the Obligations, without regard to, and the obligations of the Assignor shall not be affected or impaired by:

- (a) any amendment or modification of or addition or supplement to the Loan Agreement, the Assigned Property or any other Security;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Agreement, the Loan Agreement, the Assigned Property or any other Security;
- (c) any waiver, consent, extension, indulgence, or other action, inaction or omission under or in respect of this Agreement, the Loan Agreement, the Assigned Property or any other Security;
- (d) any default by the Assignor under, or any invalidity or unenforceability of, or any limitation on the liability of the Assignor under, or any irregularity or defect in, the Loan Agreement, any of the Assigned Property or any other Security;
- (e) any merger, consolidation or amalgamation of the Assignor, Opco or Investco into or with any other person; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding up, dissolution or similar proceeding involving or affecting the Assignor, Opco, Investco or the RCA.

3.5 Extensions, etc.

The Assignee may grant extensions of time or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Assignor, Opco, Investco and with other parties and security as the Assignee sees fit and apply all moneys received from the Assignor or others or from any security as it or they may think best, without the consent of, or notice to, the Assignor and without prejudice to, or in any way limiting or lessening the liability of the Assignor hereunder.

The Assignee shall not be liable or accountable for any failure to collect, realize or obtain payment of the Assigned Property or any part thereof and the Assignee shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Assignee, the Assignees, the Assignor or any other person, firm or Assignor in respect of the same.

3.6 Further Assurances

The Assignor shall from time to time forthwith on the Assignee's request do, make and execute all such financing statements, further assignments, documents, act, matters and things as may be required by the Assignee to give effect to these presents.

ARTICLE 4**MISCELLANEOUS****4.1 Supplemental Security**

This Agreement is taken by way of additional security only, and neither the entering into of this Agreement nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Assignee or the obligations of the Assignor under the Loan Agreement, the Security or Applicable Law.

4.2 Power of Attorney

The Assignor irrevocably appoints the Assignee as its attorney and agent with full power to enforce payment of any indebtedness comprised in the Assigned Property and to enforce performance of the terms, covenants and conditions of the Assigned Property or to demand, sue for, recover, receive and give receipts for such payments and collect damages in connection with any breach of such terms, covenants, or conditions, in the name of and as agent for the Assignor or in the name of the Assignee.

4.3 Successors, etc.

This Agreement shall be a continuing agreement in every respect, and shall be binding upon the successors and assigns of the Assignor and shall, together with the rights and remedies of the Assignee hereunder, enure to the benefit of the Assignee and its successors and assigns. No remedy for the enforcement of the rights of the Assignee hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this Agreement is intended to attach when this Agreement is signed by the Assignor and delivered to the Assignee. All rights of the Assignee hereunder or under the Assigned Property shall be assignable to any person as provided in the Loan Agreement. The Assignor shall not assign any of its rights or obligations under this Agreement without the consent of the Assignee.

4.4 Conflict

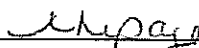
This Agreement is delivered pursuant to the provisions of the Loan Agreement and is in all respects subject to the Loan Agreement and the rights arising thereunder. In the case of any conflict or inconsistency between the terms and conditions of the Loan Agreement and the terms and conditions contained in this Agreement, the terms and conditions of the Loan Agreement shall prevail.

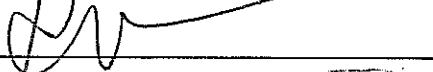
4.5 Additional Continuing Security

This Agreement is in addition to and not in substitution for any other agreement between the Assignee and the Assignor creating a security interest in, or assigning, transferring or conveying all or any part of the Assigned Property, whether heretofore or hereafter made.

IN WITNESS WHEREOF the Assignor has executed this Agreement as of the date first above written.

Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust , and not in its personal capacity

By: 
Name: ELAINE LEPAGE
Title: SENIOR TRUST OFFICER

By: 
Name: Kathy Weber
Title: Manager, Trusteeship Services

*Original Agreement
filed in Concentra Trust
Account Documentation
File*

NOVATION AGREEMENT

THIS AGREEMENT made this 6th day of December, 2005

BETWEEN:

SASKATCHEWAN CO-OPERATIVE FINANCIAL LIMITED, formerly carrying on business under the name and style of "CUCORP Financial Services" (herein called "SCFSL")

OF THE FIRST PART

- and -

CONCENTRA TRUST of Saskatoon (herein called "Concentra Trust")

OF THE SECOND PART

- and -

CONCENTRA FINANCIAL SERVICES ASSOCIATION / ASSOCIATION DE SERVICES FINANCIERS CONCENTRA, (herein called "Concentra Financial")

OF THE THIRD PART

WHEREAS:

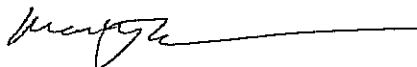
1. SCFSL has assigned and transferred to Concentra Financial its interest in the RCA Trust Agreements made between SCFSL as RCA lender and Concentra Trust as RCA trustee as more particularly outlined in Schedule "A" hereto (the "Agreements"), and SCFSL desires to be released from the Agreements;
2. Concentra Trust has agreed to release SCFSL from the Agreements, and its obligations under of them, on condition that Concentra Financial undertake to carry out and be bound by the terms of the Agreements;

NOW THEREFORE it is agreed between the parties as follows:

1. Concentra Financial agrees to carry out the Agreements and be bound by their respective terms in all respects as if it were the original party to the Agreements in place of SCFSL.
2. Concentra Trust releases SCFSL from all claims and demands against SCFSL in respect of, or arising under or pursuant to, the Agreements, and accepts Concentra Financial in place of SCFSL as the substituted party to each of the Agreements, and agrees with Concentra Financial to be bound by the terms of each of the Agreements in all respects as if Concentra Financial had been originally named in the respective Agreements as a party thereto in place of SCFSL.

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

**SASKATCHEWAN CO-OPERATIVE
FINANCIAL SERVICES LIMITED,**

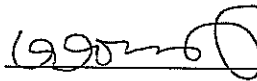
By: 

Name: Marty Meloche
Title: Senior Vice President


By: 

Name: Daniel Johnson
Title: Vice President

CONCENTRA TRUST

By:  **DOROTHY DORMUTH**
~~Sr Trust Officer~~

Name:
Title:

By: 

Name: Mardell Twarmley
Title: Trust Officer

**CONCENTRA FINANCIAL SERVICES
ASSOCIATION /ASSOCIATION DE SERVICES
FINANCIERS CONCENTRA**

By: 

Name: Marty Meloche
Title: Senior Vice President, Corporate Banking

By: 

Name: Daniel Johnson
Title: Vice President, Corporate Banking

Schedule "A"

Adrian Met RCA Trust
Antonio Perrotta (2002) RCA Trust
Arran B Stephens (2002) RCA Trust
Barbara Porter RCA Trust
Belzberg RCA Trust
Bruce E. Welch (Olympic) RCA Trust
Bruce E. Welch (Parta) RCA Trust
Byron R.L. Nelson RCA Trust
Challenger RCA Trust
Chang Hun (Andrew) Chung RCA Trust
Charles A. Garvey (2002) RCA Trust
Charles Diamond RCA Trust
David Dutcyvich (2002) RCA Trust
Derek Stimson (2002) RCA Trust
Dilawri (2003) RCA Trust
Dilawri RCA Trust
Gary Porter RCA Trust
Gregory P. Porter RCA Trust
Henning Freybe RCA Trust
James Mumby (2002) RCA Trust
Jay Dee RCA Trust
Kenneth Achs RCA Trust
L Theissen (Equipment) RCA Trust
L Theissen (Team) RCA Trust
Lionel P. Waldman RCA Trust
McCarthy RCA Trust
Michael Pierzchala (2002) RCA Trust
Loeppky RCA Trust
Paul Richards RCA Trust
Pidherney RCA Trust
Ratana Stephens (2002) RCA Trust
Rhonda L Burns RCA Trust
Roger W. McEwin RCA Trust
Sandra L. Waldman RCA Trust
Stangl RCA Trust
Strasser RCA Trust
Susan Stimson-Kasun (2002) RCA Trust
Ultra RCA Trust
Victor Walls (2002) RCA Trust
Dennis W. Shewchuk RCA Trust
Reginald Hihn RCA Trust
Gordon M. Fehr (2002) RCA Trust
Moore RCA Trust

REPLACEMENT OF TRUSTEE AGREEMENT

MEMORANDUM OF AGREEMENT made as of the 15th day of March, 2005,

BETWEEN:

Concentra Financial Services Association,
(formerly Co-operative Trust Company of
Canada) an association continued under the
Cooperative Credit Associations Act
(Canada),

("Concentra Financial"),

- and -

Concentra Trust, a trust company
incorporated pursuant to the *Trust and Loan
Companies Act (Canada)* and registered to
carry on the business of a trust company in
each of the provinces of Canada,

("Concentra Trust")

- and -

Lemare Lake Logging Ltd., a corporation
incorporated pursuant to the laws of British
Columbia;

("Opco"),

WHEREAS pursuant to the amended and restated trust agreement (the "Trust Agreement") made as of December 31, 2002, between Concentra Financial and Opco, Concentra Financial has been appointed the trustee of the **David C. Dutcyvich RCA Trust** (the "Trust");

AND WHEREAS pursuant to the Trust Agreement, Concentra Financial holds in trust to deal with the same, all property of every nature and kind, forming part of the Trust Fund (as defined therein) of the Trust, which it has acquired in its capacity as trustee, and all income therefrom, all in accordance with and subject to the provisions of the Trust Agreement and the other related agreements to which Concentra Financial, in its capacity as trustee of the Trust is a party, including, without limitation, the related trust agreements (collectively the "Trust Documents");

AND WHEREAS Concentra Financial wishes to resign as trustee of the Trust and Concentra Trust has agreed to be appointed in its place;

AND WHEREAS Opco has agreed to waive the 90 day notice requirement set forth in Section 7.1(a) of the Trust Agreement;

AND WHEREAS pursuant to the Trust Agreement, Opco has the authority to appoint a new trustee in respect of the Trust pursuant to Article 7;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, covenants and agreements of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby covenant and agree as follows:

1.1 Defined Terms.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

1.2 Resignation.

Concentra Financial hereby resigns as trustee of the Trust effective on the date hereof (the "Effective Date") and Opco hereby accepts such resignation and waives compliance with the 90 day notice period set forth in Section 7.1(a) of the Trust Agreement.

1.3 Appointment.

Opco hereby appoints Concentra Trust as the trustee of the Trust, to administer the Trust in accordance with the Trust Agreement and the Trust Documents, effective on the Effective Date, and Concentra Trust hereby accepts such appointment.

1.4 Assignment.

Effective as of the Effective Date, Concentra Financial hereby transfers and assigns to Concentra Trust, and Concentra Trust hereby accepts and assumes from Concentra Financial, all of Concentra Financial's rights, interests, estates, properties, monies, powers, duties, responsibilities and trusts as the trustee of the Trust in and to the Trust Fund and under the Trust Agreement and the related Trust Documents, together with all related rights and obligations, in each case as at the Effective Date. For greater certainty, nothing herein contained shall in any way release Concentra Financial from or affect any duties, obligations or liabilities of Concentra Financial arising prior to the Effective Date.

1.5 Assumption.

Pursuant to its acceptance and assumption thereof, effective as of the Effective Date, Concentra Trust shall now have vested in it all rights, interests, estates, properties, monies, powers, duties, responsibilities, and trusts of the trustee of the Trust in and to the Trust Fund and under the Trust Agreement and the related Trust Documents, with like effect as if Concentra Trust had originally been named the trustee thereof in the Trust Agreement.

1.6 **Deliveries.**

Concentra Financial shall deliver to Concentra Trust all documents and copies thereof, at its expense, and statements held by Concentra Financial in respect of the Trust Fund and under the Trust Agreement and the related Trust Documents, and each of Concentra Financial and Concentra Trust shall each execute and deliver such instruments and do such other things as may reasonably be required to fully vest and confirm in Concentra Trust all of the rights, interests, estates, properties, monies, powers, duties, responsibilities and trusts of Concentra Financial as trustee of the Trust with like effect as if Concentra Trust had originally been the trustee of the Trust.

1.7 **Notices.**

All notices to be sent to Concentra Financial, in its capacity as trustee of the Trust in accordance with the Trust Agreement or any related Trust Documents, or otherwise, shall continue to be made in accordance with the Trust Agreement or the related Trust Documents, as the case may be, except that the address for Concentra Trust shall be:

Concentra Trust
333 3rd Avenue North
Saskatoon, SK S7K 2M2

Attention: Vice-President/Corporate Secretary
Facsimile No.: (306) 652 7614

1.8 **Representations and Warranties.**

Each of Concentra Financial and Concentra Trust hereby represents and warrants to the other and to the Trust that:

- (a) each of Concentra Financial and Concentra Trust has full corporate power and authority to execute and deliver this agreement and any related documents delivered pursuant hereto and to do all acts and things required or contemplated hereunder or thereunder;
- (b) each of Concentra Financial and Concentra Trust has taken all necessary action to authorize the execution and delivery of this agreement and any related documents and the performance by it of its obligations hereunder and thereunder and of the transactions contemplated hereby and thereby; and
- (c) each of this agreement and any related documents (to which it is a party) is a legal, valid and binding obligation of Concentra Financial and Concentra Trust and is enforceable against each of them by the other parties thereto in accordance with its terms subject to bankruptcy, insolvency, reorganization, winding-up, moratorium and other laws generally affecting the rights of creditors and the fact that specific performance and injunction are equitable remedies available only in the discretion of the court and the fact that a Canadian court will render judgment denominated only in Canadian dollars.

1.9 Binding Effect; Assignability.

This agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective successors and assigns. No party may assign any of its rights under this agreement or any interest herein without the prior written consent of the other party.

1.10 Governing Law.

This agreement shall be construed and governed in accordance with the laws of the Province of British Columbia.

1.11 Counterparts.

This agreement may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument.


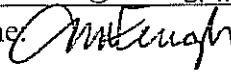
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1.12 Further Assurances.

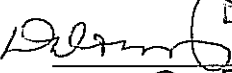
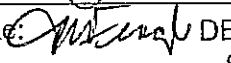
Each party shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as are reasonably required for the purpose of accomplishing and effecting the intention of this agreement.

IN WITNESS WHEREOF this agreement has been entered into by the parties as of the date first written above.

Concentra Financial Services Association

by:  DOROTHY DORMUTH
Sr Trust Officer
Name:  DEBBIE FENGLER
Title: Sr Trust Officer

Concentra Trust

by:  DOROTHY DORMUTH
Sr Trust Officer
Name:  DEBBIE FENGLER
Title: Sr Trust Officer

Lemare Lake Logging Ltd.

by: _____
Name: David C. Dutcyvich
Title: President

1.12 Further Assurances.

Each party shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as are reasonably required for the purpose of accomplishing and effecting the intention of this agreement.

IN WITNESS WHEREOF this agreement has been entered into by the parties as of the date first written above.

Concentra Financial Services Association

by: _____

Name:

Title:

Concentra Trust

by: _____

Name:

Title:

Lemare Lake Logging Ltd.

by: 

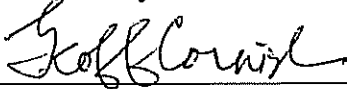
Name: David C. Dutcyvich

Title: President

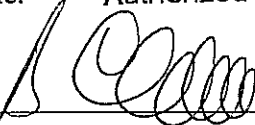
The undersigned hereby acknowledge and consent to the foregoing Replacement of Trustee Agreement.

DATED the 23 day of June, 2005.

BNY TRUST COMPANY OF CANADA, in its capacity as trustee of **ROCKET TRUST**, by its securitization agent, Coventree Capital Group Inc., without personal liability

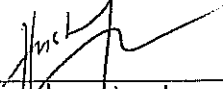
by 

Name: **Geoffrey P. Cornish**
Title: **Authorized Signatory**

by 

Name: **Bridget Child**
Title: **Authorized Signatory**

DOMINION BOND RATING SERVICE LIMITED

by 

Name: **Husten Lake**
Title: **Managing Director**

**RESIGNATION OF TRUSTEE
AND DEED OF TRANSFER**

BETWEEN:

George McCreadie and J. Murray Presley,
trustees of the David C. Dutcyvich RCA Trust
(collectively the "Resigning Trustees")

AND:

Lemare Lake Logging Ltd. ("Opco")

AND:

David C. Dutcyvich (the "Beneficiary")

AND:

Co-operative Trust Company of Canada
(the "Replacement Trustee")

RECITALS:

- A. Pursuant to a Retirement Benefit Income Plan dated March 4, 1999 (as amended and restated by agreement dated December 31, 2002, the ("RCA Agreement"), Opco constituted the David C. Dutcyvich RCA Trust (the "RCA Trust");
- B. Pursuant to a Trust Agreement dated March 4, 1999 (as amended and restated by agreement dated December 31, 2002) (the "Trust Agreement") between the Resigning Trustees and Opco, the Resigning Trustees were appointed trustees of the RCA Trust;
- C. The RCA Trust is currently indebted to CIT Credit Group (Alberta) Inc. in the principal sum of \$5,850,000.00 (the "Existing Loan"), which loan will be fully repaid from the proceeds (or portion thereof) of a new loan (the "CUCORP Loan") to be made by Saskatchewan Co-operative Financial Services Limited, operating as CUCORP Financial Services ("CUCORP") to the RCA Trust; and
- D. The Resigning Trustees now desire to retire as trustees of the trust (the "Trust") provided in the Trust Agreement and pursuant to the provisions contained in the Trust Agreement, Opco desires to appoint the Replacement Trustee to be the new trustee of the RCA Trust.

NOW THEREFORE pursuant to the provisions of the RCA Agreement and the provisions of the Trust Agreement:

1. Opco agrees to give the Resigning Trustees notice of the advance by CUCORP to the RCA Trust of the CUCORP Loan.
2. The Resigning Trustees hereby resign as trustees of the RCA Trust such resignation to be effective as of the date and time set forth in paragraph 8.


3. Opco and the Beneficiary hereby consent to the within resignation of the Resigning Trustees and hereby waive the requirement of notice of such resignation as provided in the RCA Agreement and Trust Agreement.
4. Opco hereby appoints the Replacement Trustee as trustee of the RCA Trust in the place of the Resigning Trustees for all the purposes of the Trust, such appointment to be effective as of the date and time set forth in paragraph 8.
5. The Resigning Trustees hereby agree to transfer or cause to be transferred all the monies, securities, properties, investments and assets (the "Trust Fund") and do hereby transfer to the Replacement Trustee, all such estate and interest as the Resigning Trustees had therein immediately before the execution and delivery of this deed, for the purposes and upon the trusts and subject to all the powers and provisions applicable thereto at law or under the Trust, to be effective as of the date and time set forth in paragraph 8.
6. The Replacement Trustee hereby accepts such appointment and the several trusts, provisions, conditions, powers and discretions in the Trust contained and will, to the best of its ability, carry out and perform and observe the same and all its duties thereunder.
7. To all whom these presents may come, the same shall operate as an express vesting, declaration, conveyance, transfer and full assurance by the Resigning Trustees unto and to the Replacement Trustee and for such purpose or purposes, production of a duly executed original or counterpart hereof, or a notarially certified copy hereof, shall constitute full and complete right and authority without further documentation for the effecting, implementing or registering any such conveyance, transfer and assurance as aforesaid and as to the subject matter hereof.
8. The resignation of the Resigning Trustees and the appointment of the Replacement Trustee shall occur as of the moment immediately prior to the advance by CUCORP to the RCA Trust of the CUCORP Loan (the "Effective Date").
9. The Resigning Trustees agree to indemnify and save harmless the Replacement Trustee, its officers, directors and employees from and against any and all losses, damages, expenses and costs, including court costs and reasonable solicitor's fees resulting from or arising out of any claim, demand, lawsuit, investigation or administration proceeding and all costs reasonably incurred in the defense thereof (collectively referred to as a "Claim") brought against such indemnified parties in connection with or arising out of any breach by the Resigning Trustees, prior to the Effective Date, in carrying out of its duties or responsibilities hereunder, under the RCA Trust or under any applicable tax legislation or law, including without limiting the foregoing any breach of duty, negligence, willful misconduct or lack of good faith by the Resigning Trustees.
10. The Replacement Trustee and Opco jointly and severally, agree to indemnify and save harmless the Resigning Trustees, their respective officers, directors and employees from and against any Claim arising subsequent to the Effective Date relating directly or indirectly to the RCA Trust including without limiting the foregoing any breach of duty, negligence, willful misconduct or lack of good faith by the Replacement Trustee hereunder, under the RCA Trust or under any applicable tax legislation or law.
11. Opco and the Beneficiary each undertake and agree to and with the Resigning Trustees

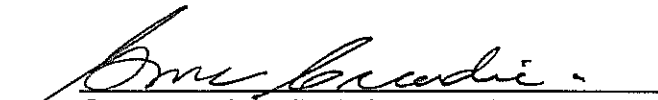
that contemporaneously with the advance of the CUCORP Loan to cause the Existing Loan to be fully repaid and all security for such Existing Loan to be discharged.

12. The Resigning Trustees hereby agree to execute and deliver all releases, discharges, notices and other documents reasonably required and requested of it to give effect to the change of trustee and to evidence the repayment of the Existing Loan and release of the existing security.
13. This Agreement may be executed in any number of counterparts each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. This Agreement may be delivered by facsimile transmission and receipt of a facsimile copy of any party's signature shall be considered to be receipt of an original copy thereof, provided that any party executing this Agreement by facsimile shall, as soon as practicable following execution of this Agreement, provide an originally executed counterpart of this Agreement to the other parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 31st day of December, 2002.

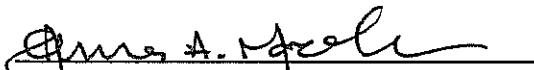
SIGNED, SEALED and DELIVERED
in the presence of:

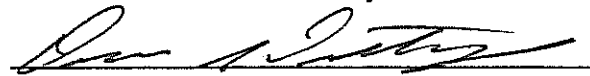

Witness


George McCreadie, in his capacity as a trustee of the David C. Dutcyvich RCA Trust

Witness

J. Murray Presley, in his capacity as a trustee of the David C. Dutcyvich RCA Trust


Witness


David C. Dutcyvich

JAMES A. MACLEAN
Barrister & Solicitor
Building #5, 21183 - 88th Avenue
Langley, B.C. V1M 2G5
Phone: 882-5015

Lemare Lake Logging Ltd.

By 
Name: David C. Dutcyvich
Title: President

Co-operative Trust Company of Canada

Per: _____
Name:
Title:

Per: _____
Name:
Title:

that contemporaneously with the advance of the CUCORP Loan to cause the Existing Loan to be fully repaid and all security for such Existing Loan to be discharged.

12. The Resigning Trustees hereby agree to execute and deliver all releases, discharges, notices and other documents reasonably required and requested of it to give effect to the change of trustee and to evidence the repayment of the Existing Loan and release of the existing security.

13. This Agreement may be executed in any number of counterparts each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. This Agreement may be delivered by facsimile transmission and receipt of a facsimile copy of any party's signature shall be considered to be receipt of an original copy thereof, provided that any party executing this Agreement by facsimile shall, as soon as practicable following execution of this Agreement, provide an originally executed counterpart of this Agreement to the other parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 31st day of December, 2002.

SIGNED, SEALED and DELIVERED
in the presence of:

James A. McCall
Witness

Colleen Elliot
Witness

James A. McCall
Witness

George McCreadie
George McCreadie, in his capacity as a trustee of the David C. Dutcyvich RCA Trust

J. Murray Presley
J. Murray Presley, in his capacity as a trustee of the David C. Dutcyvich RCA Trust

David C. Dutcyvich
David C. Dutcyvich

Lemare Lake Logging Ltd.

By *David C. Dutcyvich*
Name: David C. Dutcyvich
Title: President

Co-operative Trust Company of Canada

Per: _____
Name:
Title:

Per: _____
Name:
Title:

that contemporaneously with the advance of the CUCORP Loan to cause the Existing Loan to be fully repaid and all security for such Existing Loan to be discharged.

12. The Resigning Trustees hereby agree to execute and deliver all releases, discharges, notices and other documents reasonably required and requested of it to give effect to the change of trustee and to evidence the repayment of the Existing Loan and release of the existing security.
13. This Agreement may be executed in any number of counterparts each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument. This Agreement may be delivered by facsimile transmission and receipt of a facsimile copy of any party's signature shall be considered to be receipt of an original copy thereof, provided that any party executing this Agreement by facsimile shall, as soon as practicable following execution of this Agreement, provide an originally executed counterpart of this Agreement to the other parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement this 31st day of December, 2002.

SIGNED, SEALED and DELIVERED
in the presence of:

Witness

George McCreadie, in his capacity as a trustee of the David C. Dutcyvich RCA Trust

Witness

J. Murray Presley, in his capacity as a trustee of the David C. Dutcyvich RCA Trust

Witness

David C. Dutcyvich

Lemare Lake Logging Ltd.

By _____

Name: David C. Dutcyvich

Title: President

Co-operative Trust Company of Canada

Per: _____

Name: ELAINE LEPAGE

Title: SENIOR TRUST OFFICER

Per: _____

Name: Kelly Weber

Title: Manager, Trusteeship Services

626309 Saskatchewan Ltd.
(Incorporated under the laws of Saskatchewan)
PROMISSORY NOTE

Date: January 2, 2003
Amount: \$10,000,000.00

626309 Saskatchewan Ltd. (the "Borrower") for value received hereby acknowledges itself indebted to and unconditionally promises to pay, at the times and in the manner set forth herein, to or to the order of **Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity** (the "Lender"), the principal sum of \$10,000,000.00 (or such part thereof as may at such time be outstanding) in lawful money of Canada, and to pay interest on the principal amount of this Note outstanding from time to time, and all other payments stipulated herein, at the rate and in the manner set forth herein.

ARTICLE 1

INTERPRETATION

1.1 Definitions

For the purposes of this Note:

"**621745**" means 621745 Saskatchewan Ltd., a corporation governed by the laws of Saskatchewan, and its successors;

"**3L Cattle**" means 3L Cattle Company Ltd., a corporation governed by the laws of Saskatchewan, and its successors;

"**3L Developments**" means 3L Developments Inc., a corporation governed by the laws of British Columbia, and its successors;

"**3L Holdings**" means 3L Holdings Ltd., a corporation governed by the laws of British Columbia, and its successors;

"**Amortization Date**" means the date which is 5 years prior to the then scheduled Retirement Date or, if the Retirement Date is changed at any time to a date which is less than 5 years from the date such change is made, then the Amortization Date shall be the date such change is made;

"**Applicable Law**" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies (including, without limitation, the CCRA);

"Applicable Margin" means 1.45% plus, following the Reset Date, the amount of any Reset Adjustment;

"Arrangement Fee" has the meaning attributed thereto in section 2.2.1;

"BC Ltd." means 466620 B.C. Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Beneficiary" means David C. Dutcyvich, of Naicam, in the Province of Saskatchewan;

"Bridge Period" means the period from the date hereof until the Securitization Date (if any) and otherwise until all obligations have been fully and irrevocably paid in full;

"Banking Day" means any day (other than Saturday or Sunday) on which banks are generally open for business in Regina, Saskatchewan, Toronto, Ontario and Montreal, Quebec and, if different, in the province specified under section 1.4 of this Note;

"CCRA" means Canada Customs and Revenue Agency and its successors;

"C&E" means C. & E. Roadbuilders Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Coast" means Coast Dryland Services Ltd., a corporation governed by the laws of British Columbia, and its successors;

"CUCORP" means Saskatchewan Co-operative Financial Services Limited, operating as CUCORP Financial Services and its successors;

"DC & E" means D.C. & E. Consulting Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Default" means any event or condition which, upon the giving of any notice, the lapse of time, or both, would constitute an Event of Default;

"Event of Default" has the meaning attributed to such term in section 6.1;

"Floating Rate" means, in respect of any Interest Period, a rate per annum equal to the sum of (i) the Securitization Entity's Cost of Funds in respect of the relevant funding period and (ii) the Applicable Margin. Where the Securitization Entity issues Notes during an Interest Period and solely for the purpose of determining the Floating Rate on any particular day during such an Interest Period for the purposes of the Interest Act (Canada), the securitization Entity's Cost of Funds shall be deemed to be (i) for any day during the period of such Interest Period prior to the day on which the Securitization Entity issues the Notes for such Interest Period, the Prime Rate, and (ii) for any day during the remainder of such Interest Period, a per annum rate of interest equivalent to the difference between the amount of interest accrued during such Interest Period prior to such remainder and the amount of interest that would accrue for the entire Interest Period

at the rate of the Securitization Entity's Cost of Funds in respect of the relevant funding period.

"Governmental Authorities" means the government of any sovereign state or any political subdivision thereof, or of any political subdivision of a political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, administrative or other functions of or pertaining to government;

"Insured" means the Beneficiary;

"Insurer" means AIG Life Insurance Company of Canada and its successors;

"Interest Period" means, initially, the period from and including the date of the advance of the Loan to but excluding the next following Payment Date and thereafter the period from and including the day following the last day of the preceding Interest Period to but excluding the next following Payment Date;

"Lemare Lake" means Lemare Lake Logging Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Lien" means any lien, pledge, assignment, charge, security interest, hypothecation, levy, execution, seizure, attachment, garnishment or other similar encumbrance or any adverse claim or other interest of any person;

"Loan" means the principal amount of this Note from time to time;

"Loan Agreement" means the loan agreement dated the date hereof between the Lender, as borrower, and the RCA Lender, as lender, as amended, supplemented, modified, restated or replaced from time to time;

"Loan Documents" means this Note, the Security Documents and any other agreements, instruments and documents delivered from time to time (both before and after the date of this Note) to the RCA Lender by the Lender in connection with the Loan Agreement or to the Lender by the Borrower or Opco in connection with this Note or the Opco Loan, in each case as amended, supplemented, modified, restated or replaced from time to time;

"Lone Tree" means Lone Tree Logging Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Make Whole Payment" means, in connection with any prepayment or early repayment, after the Securitization Date, of all or any portion of the principal amount of the Loan, by acceleration or otherwise, a payment equal to (i) 1% of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the first anniversary of the Securitization Date; and (ii) 1% (declining by 0.20 of 1% for each of years 2, 3, 4 and 5 following the Securitization Date) of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the second, third, fourth or fifth anniversary of the Securitization Date, respectively; and (iii) 0% in each successive year thereafter, all multiplied by a fraction, the numerator of which is the

amount of such prepayment or repayment and the denominator of which is the initial Loan amount at the time of such prepayment or repayment;

"Note" means this promissory note and all schedules attached to this note, in each case as they may be amended or supplemented from time to time;

"Obligations" means all indebtedness, liabilities and other obligations of the Borrower to the Lender hereunder or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

"Opco" means collectively 621745, 3L Cattle, DC & E, BC Ltd., 3L Developments, 3L Holdings, Coast, Lemare Lake, C&E and Lone Tree;

"Opco Loan" means the loan of \$10,000,000.00 to be made by the Borrower to Opco, consisting of an advance by the Borrower in an amount equal to the net proceeds of the Loan plus an amount retained by the Borrower equal to the Arrangement Fee;

"Opco Note" means the promissory note dated the date hereof to be issued by Opco in favour of the Borrower in respect of the Opco Loan;

"Payment Date" means the first day of each calendar month or, if such day is not a Banking Day, the next following Banking Day;

"Prime Rate" means, on any day, the greater of (i) the rate of interest established by CUCORP at its head office in Regina, Saskatchewan as its reference rate of interest for the purpose of determining interest rates it will charge on that day for demand loans made in Canada in Canadian dollars to its Canadian commercial customers, and (ii) the 30 day bankers' acceptances rate which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto time, on such date plus 1.50% per annum;

"Proceedings" has the meaning attributed thereto in section 4.1.9;

"Rating Agency" means Dominion Bond Rating Service Limited and its successors or such other person as may be authorized to rate the Notes from time to time;

"RCA Lender" means CUCORP or its assigns (including the Securitization Entity, if any) from time to time as Lender under the Loan Agreement;

"RCA Loan" means the loan made by CUCORP to the Lender under the Loan Agreement;

"RCA Trust" means the David C. Dutcyvich RCA Trust established by the Trust Agreement;

"Reset Adjustment" has the meaning attributed to such term in section 2.2;

"Reset Date" has the meaning attributed to such term in section 2.2;

"Retirement Date" means, in respect of the Beneficiary, the date on which the Beneficiary attains the age of 75 years as contemplated in the Retirement Income Plan, as such date may be revised from time to time in accordance with section 2.6;

"Retirement Income Plan" means the amended and restated retirement income plan agreement dated December 31, 2002 between Lemare Lake and the Beneficiary providing for the establishment of the RCA Trust and Lemare Lake's contribution thereto, as amended, restated or replaced from time to time in accordance with this Agreement;

"Review Date" means June 30th in each year;

"Securitization" means the proposed securitization of the RCA Loan in accordance with section 1.5;

"Securitization Date" means the effective date of the assignment, if any, by CUCORP of its interest in the RCA Loan and the Loan Documents to the Securitization Entity;

"Securitization Entity" means a trust or other special purpose entity which acquires CUCORP's interest in the RCA Loan and the Loan Documents, and in other similar loans and documents, in connection with the Securitization and its assigns;

"Securitization Entity Notes" means the senior short term notes issued by the Securitization Entity from time to time in order to, inter alia, fund asset purchases by the Securitization Entity;

"Securitization Entity's Cost of Funds" means, in respect of any Interest Period, a per annum rate equivalent to the Securitization Entity's weighted average cost of funding for the relevant Note funding period, in connection with all Notes (based upon the interest payable in respect of interest bearing Notes or the difference between the face amount and the discounted proceeds in respect of discount notes);

"Security Documents" means the agreements and instruments listed in section 3.1 (including without limitation, the Opco Note) and any other agreements and instruments delivered from time to time (both before and after the date of this Note) by Opco to the Borrower and by the Borrower to the Lender for the purpose of securing payment or performance of the Obligations, in each case as amended, supplemented, modified, restated or replaced from time to time; and

"Trust Agreement" means the amended and restated trust agreement dated December 31, 2002 establishing the RCA Trust, as amended, supplemented, modified, restated or replaced from time to time in accordance with this Agreement, and pursuant to which the Lender has been appointed as trustee of the RCA Trust

1.2 Invalidity, etc.

Each of the provisions contained in this Note is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part

thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.3 Currency

All monetary amounts in this Note are stated in Canadian dollars.

1.4 Governing Law

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.5 Securitization

The Borrower acknowledges that it is the intention of the RCA Lender to sell, assign and convey its interest in the RCA Loan and the Loan Documents to a Securitization Entity (upon, and subject to, satisfaction of the conditions to such assignment established from time to time by CUCORP and the Securitization Entity). The Borrower further acknowledges that there is no assurance that the proposed assignment will ultimately be effected, or as to the timing of any such assignment. Pursuant to the terms of the Loan Agreement, the RCA Lender will provide written notice to Opco of the Securitization Date and such notice shall constitute notice to the Borrower of such date. All terms stipulated herein as being in effect from and after the Securitization Date shall take effect automatically as of the Securitization Date, without further action by the RCA Lender or the Lender and irrespective of the time of giving notice to the Borrower.

ARTICLE 2

PAYMENTS

2.1 Interest

- 2.1.1 During the Bridge Period, the Borrower shall pay to the Lender interest on the outstanding principal amount of this Note at a rate per annum equal to the Prime Rate in effect from time to time plus 0.8%.
- 2.1.2 From and after the Securitization Date, the Loan shall bear interest at the Floating Rate.
- 2.1.3 The Borrower acknowledges that upon the occurrence of an Event of Default under the Loan Agreement or at any time thereafter, the Securitization Entity may elect to transfer, sell, assign and convey its interest in the RCA Loan and the Loan Documents to any person upon notice to the Lender (which notice shall constitute notice to the Borrower). Immediately upon any such sale and until the obligations of the Borrower have been fully irrevocably satisfied, the Loan will bear interest at a rate equal to the sum of (i) the posted prime lending rate applicable to commercial loans of any Schedule 1 Canadian bank selected by the Securitization Entity or at the average of the prime commercial lending rates for any number of Schedule 1 Canadian banks, in either case in effect

from time to time, all as specified by notice to the Borrower, plus (ii) 2% per annum.

- 2.1.4 Interest payable pursuant to sections 2.1.1, 2.1.2 or 2.1.3, as the case may be, shall accrue from day to day, shall be calculated on the basis of the number of days elapsed and on the basis of a year of 365 or 366 days, as the case may be, and shall be paid to the Lender in arrears on each Payment Date (in respect of interest accrued up to but excluding such Payment Date) commencing on the first Payment Date following the day on which the advance of the Loan is made. Changes in the Prime Rate or the Floating Rate, as the case may be, shall cause an immediate adjustment of the interest payable hereunder without the necessity of any notice to the Borrower.

2.2 Interest Rate Reset

Pursuant to the Loan Agreement, not less than 90 days prior to the fifth anniversary of the Securitization Date (the "Reset Date"), the RCA Lender on behalf of the Lender may, at its exclusive option, provide Opco on behalf of the Borrower with a proposal for a new rate and/or rate formula (the "Reset Adjustment") to take effect as the "Applicable Margin" (and the corresponding adjustment to the interest accruing hereunder) on the Reset Date. The Lender hereby irrevocably appoints the RCA Lender as its exclusive agent for the purposes of determining whether or not to propose a Reset Adjustment, determine what such Reset Adjustment will be and giving all necessary notices (all such actions to be in the RCA Lender's sole discretion) and, the Borrower hereby irrevocably appoints Opco its exclusive agent for the purpose of accepting or rejecting the Reset Adjustment, such acceptance or rejection to be in Opco's sole discretion. Acceptance by Opco of the Reset Adjustment in accordance with the Loan Agreement shall be deemed for all purposes to constitute acceptance by and on behalf of the Borrower of the Reset Adjustment under this Note, Reset Adjustment and the "Applicable Margin" under this Note shall be such Reset Adjustment from and after the Reset Date. If Opco does not accept the Reset Adjustment the Borrower shall be deemed for all purposes to have not accepted the Reset Adjustment and the Borrower shall repay this Note and all other Obligations in full on the Reset Date.

2.3 Fees

- 2.3.1 The Borrower acknowledges that the initial principal amount of this Note evidences (i) an advance to it of \$9,890,109.89 by the Lender and (ii) a loan arrangement fee (the "Arrangement Fee") in the amount of \$109,890.11 payable by the Borrower to the Lender and withheld from the advance hereunder (and in turn paid by the Lender to the RCA Lender pursuant to section 3.3.1 of the Loan Agreement).
- 2.3.2 The Borrower shall pay or cause to be paid by Opco to the Lender, or as the Lender may direct, an application fee of 0.50% of the amount of this Note on the date hereof (to the extent not paid prior to the date hereof), and

- 2.3.3 The Borrower shall pay or cause to be paid by Opco to the Lender, or as the Lender may direct, an annual arrangement fee of 0.10% of the outstanding amount of this Note calculated and payable on each anniversary date of this Note until the outstanding amount of this Note is paid in full.

2.4 Evidence of Obligations

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Note, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

2.5 Manner of Payment

All payments of principal, interest or other amounts payable hereunder by the Borrower shall be made on the Payment Date. So long as this Note or any part thereof is outstanding, interest shall be payable on the Payment Date by direct debit as contemplated by section 5.1.8, or in such manner as the Lender, acting reasonably, may from time to time specify to the Borrower.

2.6 Repayments

- 2.6.1 During the Bridge Period, the outstanding principal amount of this Note, together with all accrued and unpaid interest thereon and other amounts payable under this Note, shall be due and payable in full on demand by the Lender.
- 2.6.2 Upon the occurrence of the Securitization Date, and notwithstanding section 2.7 the outstanding principal amount of this Note, together with all accrued and unpaid interest and other amounts payable under this Note, shall (subject to the terms of this Note) be due and payable on the earlier of (i) the 10th anniversary of the Securitization Date and (ii) the Retirement Date.

2.7 Amortization

- 2.7.1 The Borrower agrees that if the Amortization Date occurs, the Borrower shall, commencing on the Payment Date immediately following the Amortization Date make monthly payments of principal in equal amounts which are sufficient to amortize the principal amount of the loan to nil at the Retirement Date (with the final payment of principal and all accrued and unpaid interest being due and payable on such Retirement Date) provided, however, that notwithstanding any other provision, the outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall become due and be payable on the Retirement Date.

2.7.2 During the term of the Loan, any change in the Beneficiary's scheduled age for retirement shall change the Retirement Date hereunder. Opco shall deliver written notice within 15 days of the change in the Beneficiary's scheduled age for retirement to the Borrower and the Lender. If as a result of any change in the Retirement Date the Amortization Date falls within the first five years of the term of the Loan, the Borrower shall, concurrent with such occurrence pay to the Lender a make-whole payment equal to the Make-Whole Payment which would be payable by the Borrower if the Loan were prepaid on the revised Amortization Date. Such payment shall be due and payable immediately upon receipt by the Lender of such notice and shall be on account of liquidated damages and not as a penalty.

2.8 Voluntary Prepayment of this Note

Both before and after the Securitization Date, the Borrower may on any Payment Date and upon 90 days prior written notice to the Lender, voluntarily prepay the Loan in whole (or in part in a minimum principal amount of \$50,000) together with (i) all accrued and unpaid interest thereon; and (ii) after the Securitization Date, as a separate obligation, the Make Whole Payment, as liquidated damages and not as a penalty.

Notwithstanding the foregoing:

- (a) if the RCA Lender at any time should require the Lender to provide audited annual financial statements for the Borrower, Opco or any affiliates of Opco specified by the RCA Lender as contemplated by Section 6.1.7.5 of the Loan Agreement, then the Lender may, within 90 days from the date of such notice, advise the RCA Lender that it will prepay the RCA Loan in whole, but not in part, with such prepayment to occur on the first Banking Day of the month immediately following the date of the Lender giving the RCA Lender such notice. The Borrower shall pay to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and thereafter the Lender shall pay to the RCA Lender the principal amount of the RCA Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and
- (b) if Opco agrees to make an advance or provide credit in excess of the 5% limit provided in Section 6.3.12 of the Loan Agreement and if it is proposed that the recipient of such advance or credit will not become a co-obligor of the Opco Note, then the Lender shall have the right to prepay the RCA Loan in whole but not in part without payment of the Make-Whole Payment if but only if:
 - (1) as soon as is commercially practicable and in any event not more than 15 days following an agreement by Opco to make such an advance or provide such credit (whether or not such agreement is subject to conditions) Opco shall have provided to the RCA Lender written notice thereof, together with sufficient particulars, to allow the RCA Lender to make an informed decision thereon;
 - (2) the RCA Lender shall have advised the Lender by notice in writing that the RCA Lender shall not consent to the making of such advance or the provision of such credit;

- (3) the Lender shall otherwise be in compliance with the Loan Agreement; and
- (4) the Borrower shall have paid to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the Lender's notice pursuant to clause 2 and thereafter the Lender shall have paid to the RCA Lender the principal amount of the RCA Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the RCA Lender's notice pursuant to clause 2..

The RCA Lender agrees that if it does not deliver the notice referred to in clause 2 above within 30 days of the date of receipt of the notice provided for in clause 1 above, the RCA Lender shall be deemed to have consented to the making of such advance or the provision of such credit.

2.9 Mandatory Principal Repayments

Any repayments or prepayments of principal received by the Borrower on the Opco Loan shall forthwith be paid to the Lender and applied toward the payment of the Obligations in accordance with Section 2.10.

2.10 Application of Payments

Any amounts prepaid or repaid may not be re-borrowed. All amounts received by Borrower from Opco on the Opco Loan shall be applied towards the payment of the Obligations. All payments in respect of the Obligations shall be applied (i) firstly in reduction of the accrued and unpaid interest then outstanding, (ii) second in reduction of the principal amount of the Loan to the extent any such amounts are then due and payable, (iii) thirdly, toward the payment of any Fees (including Make-Whole Payments), (iv) fourthly, in reduction of the principal amount of the Loan, whether or not then due and payable, and (v) fifthly, toward all other unpaid Obligations until all Obligations have been fully and irrevocably paid in full.

2.11 Payment of Costs and Expenses

The Borrower shall pay or cause to be paid to the Lender:

- 2.11.1 on the date of the initial advance of the Loan, an amount stipulated by the Lender as the amount payable by it, on account of the fees, expenses and disbursements of the RCA Lender and counsel to the RCA Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents; and
- 2.11.2 from time to time, on demand by the Lender all other reasonable costs and expenses of the Lender, the RCA Lender, and its agents from time to time in connection with:

- (a) any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder; and
- (b) the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents or any action taken by the Lender to secure payment of or ensure eligibility for or entitlement to the maximum refund of Refundable Tax to which the Borrower could be entitled;

including, without limitation, all of the reasonable fees and disbursements of counsel to the Lender, or such other advisors, including accountants, actuaries or others as the Lender may deem advisable, incurred in connection therewith.

2.12 Indemnity

The Borrower shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrower to repay any Obligations when required by the terms of this Note.

2.13 Overdue Amounts

All overdue payments hereunder, including, without limitation, payments of principal, interest, fees, expenses, disbursements and costs shall bear interest at the rate otherwise applicable plus 1% per annum.

2.14 Change in Circumstance

If either:

- 2.14.1 the introduction of, or any change (including any change by way of imposition or increase of any reserve requirements) in or in the interpretation of, any law by any court or Governmental Authority, in each case made after the date hereof; or
- 2.14.2 the compliance by the RCA Lender and/or the Securitization Entity with any changed or introduced guideline or request made after the date hereof from any Governmental Authority (whether or not having the force of law),

has the effect of:

- 2.14.3 increasing the cost to the RCA Lender and/or the Securitization Entity of making, funding or maintaining the RCA Loan, or reducing the rate of return to the RCA Lender and/or the Securitization Entity in connection therewith or as a result of reserves (including reserves against capital) to be made therefor or requiring the payment of taxes in respect of the capital of the Lender and/or the Securitization Entity;

- 2.14.4 reducing the amount payable by the RCA Trust with regard to the RCA Loan or the obligations thereunder; or
- 2.14.5 requiring the RCA Lender and/or the Securitization Entity to make a payment it would not otherwise have been required to make, calculated by reference in whole or in part to the RCA Loan or the security documents thereunder,

the RCA Lender and/or the Securitization Entity shall deliver to the RCA Trust and the Borrower a certificate setting forth its computation of such increased costs, amounts not received or receivable, reduction in rate of return or required payment made or to be made, which computation may utilize such averaging and attribution methods that the RCA Lender and/or the Securitization Entity, acting reasonably, believes to be applicable. Upon receipt of such certificate, the Borrower shall forthwith pay to the RCA Trust as part of its Obligations hereunder, in order that the RCA Trust may pay to the RCA Lender and/or the Securitization Entity the amount of such increased costs. The RCA Lender and/or the Securitization Entity shall promptly notify the Borrower of any event or circumstance which could result in any payment being required to be made by the Borrower to the Lender for the purpose of the RCA Trust making payments to the RCA Lender and/or the Securitization Entity pursuant to this section 2.13.

ARTICLE 3 SECURITY

3.1 Security

- 3.1.1 As security in favour of the Lender for the due and punctual payment of all Obligations of the Borrower, the Borrower has executed and delivered to the Lender:
 - (a) a general security agreement; and
 - (b) an assignment of the Opco Note;
- 3.1.2 As evidence of the Opco Loan, Opco has executed and delivered to the Borrower the Opco Note;

in each case in the form contemplated in the Loan Agreement. The Security Documents listed in section 3.1.1 shall constitute continuing security to the Lender for the Obligations from time to time.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

The Borrower represents and warrants to the Lender on the date hereof, and on the date of advance(s) of the Loan (if different from the date hereof) and acknowledges

that the Lender is relying on such representations and warranties in connection with the transaction contemplated hereunder as follows:

- 4.1.1 **Status.** It is duly incorporated and existing under the laws of Saskatchewan;
- 4.1.2 **Power and Capacity.** It has the corporate power and capacity to own its property and assets, to enter into and perform its obligations under the Loan Documents to which it is a party and to make the Opco Loan;
- 4.1.3 **Due Authorization and Execution.** It has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents to which it is a party;
- 4.1.4 **No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by the Borrower of its obligations thereunder do not and will not contravene, breach or result in any default under the articles, bylaws or other constating documents of the Borrower, any contract to which the Borrower is a party or by which it is bound, or any Applicable Law;
- 4.1.5 **No Consents Required.** No authorization, consent or approval of, or filing with or notice to, any person (including any governmental body) is required in connection with the making of the Opco Loan or the execution, delivery or performance of any of the Loan Documents by the Borrower;
- 4.1.6 **Enforceability.** Each of the Loan Documents to which it is a party constitutes, or upon execution and delivery will constitute, a valid and binding obligation of the Borrower enforceable against it in accordance with its terms;
- 4.1.7 **Assets and Liabilities.** The Borrower's sole asset is the Opco Note and the Borrower has no liabilities other than the Obligations under the Loan Documents;
- 4.1.8 **Title.** Subject in all cases to the Security Documents, the Borrower will, upon the advance of the Opco Loan, be the sole owner of the Opco Note, in each case free and clear of any Liens or other adverse claims, or other person;
- 4.1.9 **No Litigation.** There is no court, administrative, regulatory or similar investigation or proceeding (collectively "Proceedings") against or involving the Borrower, whether in progress or threatened, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against the Borrower;
- 4.1.10 **All Material Information Supplied.** It has provided to the Lender and to the RCA Lender all material information in its possession relating to its assets and financial condition. All documents and instruments delivered

or to be delivered by it to the Lender or to the RCA Lender in accordance with this Note are, or will be, in all cases true and correct copies and all such documents and instruments are, or will be, in full force and effect;

4.1.11 **Opco Representations.** To the best knowledge of the Borrower, all of the representations and warranties of Opco to be made in the Opco Note are true and correct; and

4.1.12 **Ownership.** David C. Dutcyvich is the registered and beneficial owner of all of the issued and outstanding shares of the Borrower.

4.2 Survival of Representations and Warranties

The representations and warranties contained in Section 4.1 shall survive the date of this Note, the date of advance(s) of the Loan and the Securitization Date and shall continue until the Obligations have been fully and irrevocably paid in full.

ARTICLE 5 COVENANTS

5.1 Affirmative Covenants

So long as any Obligations remain outstanding, the Borrower covenants and agrees that it shall:

- 5.1.1 pay obligations coming due hereunder on the dates and in the manner specified herein;
- 5.1.2 do or cause to be done all things necessary or desirable to maintain its corporate existence and its corporate power and capacity to own its property and assets;
- 5.1.3 comply with the requirements of all Applicable Law and all contracts to which it is a party or by which it is bound;
- 5.1.4 pay and discharge all taxes and claims payable by it;
- 5.1.5 as soon as practicable after it shall become aware of the same, give notice to the Lender and the RCA Lender of the following events:

- 5.1.5.1 the commencement of any Proceeding against or affecting it;
- 5.1.5.2 any development which might have a material adverse effect upon its ability to perform its obligations under any Loan Document;
and
- 5.1.5.3 any Default or Event of Default of which it has knowledge, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;
- 5.1.6 on an annual basis on or before the Review Date (or more frequently if required by the Lender) deliver to the Lender and the RCA Lender:
 - 5.1.6.1 chartered accountant reviewed financial statements on or before the Review Date;
 - 5.1.6.2 as soon as practicable following a request therefor from the Lender or the RCA Lender, such financial or other information as the Lender or the RCA Lender may reasonably request from time to time;
- 5.1.7 use the net proceeds of the issuance of this Note only for the purpose of making the Opco Loan, shall make the Opco Loan immediately upon the issuance of this Note and shall forthwith deliver to the Lender the executed original of the Opco Note.
- 5.1.8 open and maintain an account with a Canadian chartered bank or other Canadian financial institution for the purpose of receiving the advance of the Loan and, unless otherwise directed by the Vendor, making payments as required hereunder, and shall complete all documentation required by the Lender for the purpose of causing all payments to be made by direct debit of such account.
- 5.1.9 contemporaneously with the advance of the Loan, the Borrower shall cause Lemare Lake to repay its existing indebtedness to the Borrower as evidenced by promissory notes dated March 12, 1999 and February 21, 2000 in the aggregate amount of \$5,850,000.00 and shall repay in full its existing indebtedness to the Lender as evidenced by promissory notes dated March 12, 1999 and February 21, 2000 in the aggregate amount of \$5,850,000.00. The Lender acknowledges that the representations, warranties and covenants contained in this Agreement shall be construed in a manner which reflects the foregoing repayment arrangements.

5.2 Lender Entitled to Perform Covenants

If the Borrower fails to perform any covenant contained in section 5.1 the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations,

shall bear interest at the same rate as the principal amount of this Note from time to time and shall be payable by the Borrower on demand.

5.3 Negative Covenants

So long as any Obligations remain outstanding, the Borrower covenants and agrees that it shall not:

- 5.3.1 sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any Lien upon, all or any part of its property or assets, except pursuant to the Security Documents;
- 5.3.2 except with the prior consent of the Lender and the RCA Lender, incur any indebtedness liabilities, obligations or commitments for borrowed money or otherwise incur or have any liabilities, contingent or otherwise, except for Obligations under the Loan Documents and the obligation to pay taxes on any income earned on the Opco Note;
- 5.3.3 except with the prior consent of the Lender and the RCA Lender and notice to the Rating Agency, enter into or permit any amendment, modification or termination of the Opco Note, waive any rights under the Opco Note, or (except after default thereon and request therefor by the Lender) demand payment of the Opco Loan;
- 5.3.4 enter into any transaction (including by way of reorganization, consolidation, amalgamation, liquidation or otherwise) whereby all or any portion of the property and assets of the Borrower would become the property of any other person or, in the case of any such amalgamation, of the continuing corporation resulting therefrom; or
- 5.3.5 declare or pay any dividends on, or make any distribution in respect of, or apply any of its property to the purchase, redemption or cancellation of, any of its shares.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default

Without in any way derogating from the Lender's right to demand repayment of this Note at any time during or at anytime after the Bridge Period, the occurrence of any of the following events shall constitute an Event of Default:

- 6.1.1 any failure by the Borrower to pay, when due, by demand or otherwise, any payment of principal or interest on the Loan, any fees, expenses or any other Obligations owing under this Agreement, in any case within one Banking Day of such amount becoming due and payable;

- 6.1.2 any failure by the Borrower to perform or observe any covenant, condition or obligation contained in any Loan Document unless such failure, if capable of being remedied, is remedied within 5 Banking Days after the earlier of (i) notice thereof by the Lender to the Borrower and (ii) the Borrower becoming aware of such failure;
- 6.1.3 any representation or warranty made by the Borrower in any Loan Document is found to be false inaccurate or incomplete in any way so as to make it materially misleading when made or deemed to have been made;
- 6.1.4 any Event of Default occurs under and as defined in either the Loan Agreement or the Opco Note;
- 6.1.5 the Borrower or Opco admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
- 6.1.6 the Borrower or Opco institutes any proceeding, or any proceeding is commenced against or involving the Borrower or Opco:
- (a) seeking to adjudicate the Borrower, Opco, the Beneficiary or the RCA Trust a bankrupt or insolvent,
 - (b) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of the Borrower, Opco, the Beneficiary or the RCA Trust or any of their property or debt or making a proposal with respect to either of them under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
 - (c) seeking appointment of a receiver, trustee, agent, custodian or other similar official for the Borrower, Opco, the Beneficiary of the RCA Trust or for any part of their respective property and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than 15 days from the institution of such first mentioned proceeding;

- 6.1.7 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any material property and assets of the Borrower or Opco; or
- 6.1.8 the shareholder(s) specified in section 4.1.12 cease to have voting control of the Borrower.

6.2 Remedies Upon Default

Upon the occurrence of any Event of Default (without in any manner limiting the rights of the Lender to demand repayment of this Note at any time during or at anytime

after the Bridge Period), the Lender shall be entitled at its sole option to do any or all the following:

- 6.2.1 declare the full principal amount of the Loan, together with all accrued interest and all other Obligations to be immediately due and payable, (which Obligations may in such case include a Make Whole Payment);
- 6.2.2 realize upon all or any part of the security granted pursuant to the Security Documents and exercise any or all of its rights and remedies thereunder and under Applicable Law, provided however that the Lender has no obligation to preserve rights to the security granted pursuant to the Security Documents or marshal any security granted pursuant to the Security Documents for the benefit of any of the Borrower's creditors;
- 6.2.3 demand repayment of the Opco Loan and enforce the rights and remedies of the Borrower under the Opco Note;
- 6.2.4 set-off any obligations and liabilities of the Lender to the Borrower, general or special, matured or unmatured, against any of the Obligations; and
- 6.2.5 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider advisable,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents. For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time during the Bridge Period.

6.3 Distributions

All distributions under or in respect of any of the security granted pursuant to the Security Documents shall be applied by the Lender on account of the Obligations without prejudice to any claim by the Lender for any deficiency after such distributions are received by the Lender. All such distributions shall be applied to such part of the Obligations as is determined by the Lender in its sole discretion.

ARTICLE 7 GENERAL

7.1 Amendment and Waiver

No amendment or waiver of any provision of any Loan Document or consent to any departure by the Borrower from any provision thereof is effective unless it is in

writing and signed by the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

7.2 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications shall be addressed as follows:

- (a) if to the Borrower:

626309 Saskatchewan Ltd.
3341 Mine Road
Port McNeill, B.C. V0N 2R0
Attention: President
Facsimile Number: (250) 956 4888

- (b) if to the Lender:

Co-operative Trust Company of Canada in its capacity, as trustee of
David C. Dutcyvich RCA Trust
333 3rd Avenue North
Saskatoon, SK S7K 2M2
Attention: Vice-President/Corporate Secretary
Facsimile Number: (306) 652 7614

- (c) if to the RCA Lender:

CUCORP Financial Services
Box 3030
2055 Albert Street
Regina, Saskatchewan S4P 3G8
Attention: Hugh Balkwill
Facsimile number: (306) 566 7401

7.3 Enurement and Assignment

- 7.3.1 This Note and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns.
- 7.3.2 The Borrower shall not assign all or any part of its rights or benefits under this Note or the Loan Documents to which it is a party.
- 7.3.3 The Lender may assign all or part of its rights in respect of this Note and the Loan Documents to any person without the consent of the Borrower. Without limiting the generality of the foregoing, the Borrower

acknowledges that the Lender is, contemporaneously with the issuance of this Note, assigning all of its interest in this Note and the Security Documents to which it is a party to the RCA Lender, as security for the obligations of the Lender to the RCA Lender under and in respect of the Loan Agreement. The Borrower hereby consents to such assignment and acknowledges that, upon the occurrence of an Event of Default under the Loan Agreement and realization by the RCA Lender upon its security therefor, the RCA Lender shall be entitled to all rights and remedies of the Lender under this Note and the Security Documents to which the Lender is a party in the place and stead of the Lender (including, without limitation, the rights of the Lender to demand repayment of this Note, to realize on the Security Documents and to exercise rights of set-off).

7.4 Confidentiality

Each of the parties hereto shall make all reasonable efforts to hold all non-public information obtained pursuant to this Agreement and the transactions contemplated hereby or effected in connection herewith in accordance with its customary procedures for handling its confidential information of this nature, provided that, notwithstanding the foregoing, such parties may make disclosure of such non-public information (i) as requested or required by any Governmental Authority or representative thereof or pursuant to legal process of when required under Applicable Law, (ii) to the Rating Agency or their respective professional advisors who use such information; (iii) to any proposed assignee or third party involved in the disposition of the Loan and the Security Documents, or (iv) solely for the purposes of the transactions contemplated hereby.

7.5 Further Assurances

Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with this Note and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan Documents, and the rights of the Lender therein all promptly upon the request of the Lender. Without limiting the foregoing, the Borrower shall take all steps and execute all such documents and instruments reasonably required by the Lender or the RCA Lender to ensure that the security granted pursuant to the Security Documents is perfected in all jurisdictions reasonably required by the Lender or the RCA Lender.

IN WITNESS WHEREOF the Borrower has executed this Note this 2nd day of January, 2003.

626309 Saskatchewan Ltd.

By: 

Name: David C. Dutcyvich

Title: President

GENERAL SECURITY AGREEMENT

THIS AGREEMENT made as of the 2nd day of January, 2003 by **626309 Saskatchewan Ltd.** a corporation incorporated under the laws of Saskatchewan (the "Debtor")

ISSUED IN FAVOUR OF: Co-operative Trust Company of Canada, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity (together with its successors and assigns the "Secured Party")

WHEREAS the Debtor has issued the Investco Note in favour of the Secured Party to evidence the advance of the Investco Loan to the Debtor by the Secured Party;

AND WHEREAS the Debtor has agreed to grant, as general and continuing security for the payment and performance of all the Obligations, a security interest and assignment, mortgage and charge over the assets of the Debtor granted herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties thereto, the Debtor agrees with the Secured Party as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement,

"Agreement" means this agreement and all schedules to this Agreement, in each case as they may be amended or supplemented from time to time, and the terms 'this Agreement', 'hereof', 'hereunder' and similar expressions refer to this Agreement as a whole and not to any particular Article, Section or other portion hereof;

"Collateral" has the meaning attributed thereto in Section 2.1, and any reference to "Collateral" shall be deemed a reference to "Collateral" or any part thereof;

"Event of Default" means an Event of Default as defined in the Investco Note;

"Investco Loan" means the loan made by the Secured Party to the Debtor, evidenced by the Investco Note;

"Investco Note" means the promissory note dated the date hereof by the Debtor in favour of the Secured Party as amended, restated or replaced from time to time in respect of the Investco Loan;

"Obligations" means all indebtedness, liabilities or other obligations of the Debtor to the Secured Party including, without limitation, under or in respect of the Investco Note, whether present or future, absolute or contingent, direct or indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise; and

"Receiver" means any receiver or receiver and manager or agent appointed by the Secured Party pursuant to this Agreement.

1.2 Additional Definitions

The terms "accessions", "chattel paper", "documents of title", "goods", "Instruments", "Intangibles", "money", "proceeds" and "securities" whenever used herein shall have the meanings given to those terms in the Personal Property Security Act (the "PPSA") of the relevant jurisdiction determined in Section 7.11, as now enacted or as the same may from time to time be amended, reenacted or replaced.

1.3 References to Articles and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, reference herein to Articles and Sections are to Articles and Sections of this Agreement.

1.4 Gender and Number

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

ARTICLE 2 GRANT OF SECURITY

2.1 Security

As general and continuing security for the payment and performance of the Obligations, the Debtor hereby assigns as security, grants a security interest in and, for

the purpose of the province of Quebec, hereby hypothecates for the amount of \$20 million, with interest thereon calculated at the rate of 15% per annum, all of its present and after-acquired property, both real and personal, (collectively, the "Collateral"), in favour of the Secured Party. Without limiting the generality of the foregoing, the Collateral shall include all right, title and interest that the Debtor now has or may hereafter acquire, be possessed of, or entitled to in all property of the following kinds:

- (a) Accounts Receivable: all debts, accounts, claims and choses in action which are now or which may hereafter become due, owing or accruing due to the Debtor (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situate, including, without limiting the generality of the foregoing, all goods held for sale or lease or furnished or to be furnished under contracts of service or used or consumed in the business of the Debtor or that are raw materials, work in process or materials used or consumed in a business or profession (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, plant, vehicles and other tangible personal property which is not Inventory (collectively, the "Equipment");
- (d) Chattel Paper: all chattel paper;
- (e) Documents of Title: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (f) Securities and Instruments: all shares, notes, stocks, warrants, bonds, debentures, debenture stocks and other securities and all instruments;
- (g) Intangibles: all intangibles not described in Section 2.1 including, without limiting the generality of the foregoing, all goodwill, patents, trademarks, copyrights and other intellectual property;
- (h) Money: all coins or bills or other medium of exchange adopted for use as part of the currency of Canada or of any foreign government;
- (i) Books, Records, Etc.: all books, papers, accounts, invoices, documents and other records in any form evidencing or relating to any of the property described in Sections 2.1(a) to (h) inclusive, and all contracts, securities, instruments and other rights and benefits in respect thereof (including, but not limited to, patient lists and records to the extent that the Debtor is a medical practitioner or dentist);
- (j) Substitutions, Etc.: all replacements of, substitutions for and increases, additions and accessions to any of the property described in Sections 2.1(a) to (i) inclusive; and

- (k) Proceeds: all proceeds, including proceeds of proceeds, of the property described in Sections 2.1(a) to (j) inclusive including, without limiting the generality of the foregoing, all personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for the loss of or damage to such property.

2.2 Collateral Not Included

Notwithstanding anything hereinbefore contained, the security interest, assignment, mortgage and charge granted hereby shall not extend to, and the Collateral shall not include:

- (a) any consumer goods;
- (b) the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Debtor, but should the Secured Party enforce the said security interest, assignment, mortgage and charge, the Debtor shall stand possessed of such last day and shall hold it in trust to assign the same as the Secured Party shall direct; or
- (c) any agreement, right, franchise, license or permit (the "contractual rights") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the security interest, assignment, mortgage and charge therein would constitute a breach of the terms of or permit any person to terminate the contractual rights, but the Debtor shall hold its interest therein in trust for the Secured Party and shall assign such contractual rights to the Secured Party forthwith upon obtaining the consent of the other party thereto. The Debtor agrees that it shall, upon the request of the Secured Party, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the security interest, assignment, mortgage, hypothec and charge granted hereby.

2.3 Security Interest Valid

The security interest made or created by or pursuant to this Agreement shall be and are hereby deemed to be effective, and value given therefore, as of and from the date hereof, whether or not any of the money or obligations secured by this Agreement shall be advanced or received or shall arise before or after the date of this Agreement.

2.4 Attachment

The Debtor and the Secured Party agree that it is their intention that the security interest hereby created shall attach immediately to the Collateral in which the Debtor has any interest on the date hereof, and, with respect to after-acquired property, forthwith at the time the Debtor shall acquire an interest therein.

ARTICLE 3 GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEBTOR

3.1 Representations and Warranties

The Debtor hereby represents and warrants to the Secured Party and acknowledges that such representations and warranties shall survive the execution of this Agreement and shall be made on a continuous basis until the Obligations have been irrevocably satisfied in full, that:

- (a) the Debtor, if a corporation is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation and if not a corporation, has been validly created and exists under the laws of its jurisdiction; the Debtor has the power and capacity, corporate or otherwise, to enter into this Agreement; this Agreement has been duly authorized by all necessary action, corporate or otherwise, on the part of the Debtor; this Agreement constitutes a legal and valid agreement binding upon the Debtor and enforceable in accordance with its terms; the making and performance of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Debtor pursuant to the articles, bylaws or other constating documents of the Debtor or any agreement, indenture or other instrument to which the Debtor is a party or by which the Debtor or any of its property may be bound or affected or applicable law;
- (b) all financial information provided by or on behalf of the Debtor to the Secured Party is true, correct and complete; all financial statements of the Debtor have been prepared in accordance with Canadian generally accepted accounting principles consistently applied; there has been no material adverse change in the Debtor's financial condition since the date of the most recent financial statements provided to the Secured Party;
- (c) all of the Collateral is free from any liens, charges, security interests, mortgages, hypothecs or other encumbrances; and
- (d) the Debtor's sole place of business, or if it has more than one place of business, its chief executive office, the location of the office where it keeps its records respecting the Receivables and the location of all other tangible Collateral (other than Inventory in transit) is that given in Section 7.6 of this Agreement.

3.2 Covenants

The Debtor covenants with the Secured Party that:

- (a) it shall ensure that the representations and warranties set forth in Section 3.1 are true and correct at all times;
- (b) it shall maintain, use and operate the Collateral and carry on and conduct its business in a lawful and business-like manner;
- (c) it shall not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Party;
- (d) it shall defend the Collateral against all claims and demands respecting the Collateral made by all persons (other than the Secured Party) at any time and, except as otherwise provided herein, shall keep the Collateral free and clear of all security interests, mortgages, charges, liens, hypothecs and other encumbrances or interests;
- (e) it shall not change its sole place of business or chief executive office or the location of the office where it keeps its records respecting the Receivables, or move any other tangible Collateral (other than Inventory in transit) from the locations specified in Section 3.1(d) without the prior written consent of the Secured Party;
- (f) it shall pay all rents, taxes, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payment;
- (g) it shall from time to time forthwith at the request of the Secured Party furnish to the Secured Party in writing all information requested relating to the Collateral, and the Secured Party shall be entitled from time to time at any reasonable time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Secured Party shall have access to all premises occupied by the Debtor or where the Collateral may be found;
- (h) it shall mark any and all Collateral at the Secured Party's request so as to indicate the existence of the security interest;
- (i) it shall keep the Collateral in good order and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement between the Debtor and the Secured Party relating to the

Collateral or any policy insurance Collateral or any applicable statute, law, bylaw, rule, regulation or ordinance;

- (j) it shall notify the Secured Party promptly of:
 - (i) any material change in the information in the Investco Note or this Agreement relating to it, its business or the Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any material claims or litigation affecting it or the Collateral;
 - (iv) any loss or material impairment of the Collateral;
 - (v) any material default by any person in payment or other performance of its obligations with respect to the Collateral; and
 - (vi) the return to or repossession by it of Collateral;
- (k) it shall from time to time forthwith at the request of the Secured Party execute and deliver all such financing statements, schedules, assignments and documents, and do all such further acts and things as may be reasonably required by the Secured Party to effectively carry out the full intent and meaning of this Agreement or to better evidence and perfect the security interest, assignment, mortgage and charge granted hereby, and the Debtor hereby irrevocably constitutes and appoints the Secured Party, and any Receiver appointed by the court or the Secured Party, the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever the Secured Party or any such Receiver may consider it to be necessary or expedient;
- (l) it shall not change its name without first giving notice to the Secured Party of its new name and the date when such new name is to become effective; and
- (m) it shall pay to the Secured Party forthwith upon demand all reasonable costs, charges and expenses (including, without limiting the generality of the foregoing, all legal, Receiver's and accounting fees and expenses) incurred by or on behalf of the Secured Party in connection with the preparation, execution, registration or amendment of this Agreement, the perfection or preservation of the security interest, assignment, mortgage, hypothec and charge granted hereby and the enforcement by any means of any of the provisions hereof, or the exercise of any rights, powers or remedies hereunder including, without limiting the generality of the foregoing, all such costs, charges and expenses in connection with taking possession of the Collateral, carrying on the Debtor's business, collecting

the Debtor's accounts and taking custody of, preserving, repairing, processing, preparing for disposition and disposing of the Collateral, together with interest on such costs, charges and expenses from the dates incurred to the date of payment at the prime rate; and all such costs and expenses shall be added to and form part of the Obligations secured hereunder.

3.3 Equipment

The Debtor will keep all Equipment forming a part of the Collateral in good working order and condition, reasonable wear and tear excepted, and the Secured Party may, whenever it deems it to be necessary, either in person or by agent, inspect any such Equipment and make such repairs thereto as it deems are necessary, and the cost of such inspection and repairs shall be payable by the Debtor to the Secured Party upon demand.

3.4 Securities, Instruments, Chattel Papers and Negotiable Documents of Title

If the Collateral should at any time hereafter include securities, instruments, chattel paper and negotiable documents of title, the Debtor will, if requested by the Secured Party, immediately deliver possession of such securities, instruments, chattel paper and negotiable documents of title to the Secured Party and, if requested by the Secured Party, will cause such securities included in the Collateral to be registered in the Secured Party's name so that the Secured Party may appear of record as the sole owner of such securities. Until the occurrence of an Event of Default, the Debtor shall be entitled to receive all distributions paid in respect of any securities included in the Collateral, shall be entitled to exercise all voting rights with respect to such securities and the Secured Party will deliver to the Debtor or to a person designated by the Debtor, upon written request and upon receipt of payment of the Secured Party's expenses in connection therewith, directions with respect to such distributions and a proxy to vote such securities. The Debtor hereby waives all right to receive any such distribution and all other rights after the occurrence of an Event of Default. The Debtor agrees that no proxy issued by the Secured Party to the Debtor or its order as aforesaid shall be effective from and after the occurrence of an Event of Default, and upon the occurrence of an Event of Default, the Debtor shall immediately surrender any such proxy to the Secured Party.

ARTICLE 4 INSURANCE

4.1 Insurance

The Debtor shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less than the full replacement value thereof, in such form and with such insurers as shall be reasonably satisfactory to the Secured Party. All such policies shall name the Secured

Party as an additional insured and the loss payee thereof, as the Secured Party's interests may appear, and shall provide that the insurer will give the Secured Party at least 10 days written notice of intended cancellation. At the Secured Party's request, the Debtor shall furnish the Secured Party with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Secured Party that such insurance coverage is in effect. The Debtor shall give the Secured Party notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. Should the Debtor fail to make any payment or perform any other obligation provided in this Section, the Secured Party shall have the right, but not the obligation, without notice or demand upon the Debtor and without releasing the Debtor from any Obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such Obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Secured Party in performing such Obligations shall be immediately due and payable by the Debtor.

ARTICLE 5 DEALING WITH COLLATERAL

5.1 Dealing with Collateral by the Debtor

The Debtor shall not: (i) sell, assign, transfer, exchange, consign, lease or otherwise dispose of any of the Collateral; (ii) move or transfer the Collateral from its present location; or (iii) create, assume or suffer to exist any lien upon the Collateral, without the prior written consent of the Secured Party, except as otherwise agreed in writing by the Secured Party and except that the Debtor may, until an Event of Default occurs, sell or otherwise dispose of items of Inventory in the ordinary course of its business so that the purchaser thereof takes title thereto free and clear of the security interest, assignment, mortgage, hypothec and charge granted hereby, and subject to Section 5.2, collect Receivables in the ordinary course of its business.

5.2 Notification of Account Debtors

Before or after an Event of Default occurs, the Secured Party may give notice of this Agreement and the security granted hereby to any account debtors of the Debtor or to any other person liable to the Debtor and, after the occurrence of an Event of Default, may give notice to any such account debtors or other person to make all further payments to the Secured Party, and any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor whether before or after any notice is given by the Secured Party shall be held by the Debtor in trust for the Secured Party and paid over to the Secured Party on request.

5.3 Application of Funds

Except where the Debtor, before an Event of Default occurs, so directs in writing at the time of payment, all money collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the Obligations as the Secured Party in its sole discretion determines, or may be held unappropriated in a collateral

account, or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's rights against the Debtor.

ARTICLE 6 REMEDIES

6.1 Remedies

Upon the occurrence of any Event of Default and at any time thereafter, the Secured Party shall have, in addition to any right or remedy provided by law, the rights and remedies set out below, all of which rights and remedies shall be enforceable successively, concurrently and/or cumulatively and all of which may be exercised by the Secured Party directly or through Receivers, agents or nominees:

- (a) any or all of the Obligations shall at the option of the Secured Party become immediately due and payable or be subject to immediate performance, as the case may be, without further demand or notice, both of which are expressly waived; and the obligations, if any, of the Secured Party to make further advances to the Debtor shall cease; and any or all security granted hereby shall, at the option of the Secured Party, become immediately enforceable;
- (b) the Secured Party may take steps to preserve the Collateral or its value in such manner as it considers appropriate;
- (c) the Secured Party may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Secured Party at such place or places as may be specified by the Secured Party;
- (d) the Secured Party may carry on or concur in the carrying on of all or any part of the business of the Debtor;
- (e) the Secured Party may enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law;
- (f) the Secured Party may sell, lease or otherwise dispose of the Collateral at public auction, by private tender or by private sale either for cash or upon credit upon such terms and conditions as the Secured Party may determine and without notice to the Debtor unless required by law;
- (g) the Secured Party may retain the Collateral in satisfaction of the Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
- (h) the Secured Party may borrow money on the security of the Collateral in priority to the security interest, assignment, mortgage and charge granted by this Agreement for the purpose of the carrying on of the business of the

Debtor or for the maintenance, preservation, protection or realization of the Collateral; and

- (i) the Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral or may by appointment in writing appoint any person to be a Receiver of the Collateral and may remove any Receiver so appointed by the Secured Party and appoint another in his stead; and any such Receiver appointed by instrument in writing shall, to the extent permitted by applicable law, have all of the rights, benefits and powers of the Secured Party hereunder or under the Personal Property Security Act of the relevant jurisdiction determined in Section 7.11 or as otherwise prescribed by law or in equity; provided that any such Receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such Receiver.

6.2 The Debtor further agrees with the Secured Party that:

- (a) the Secured party shall not, nor shall any Receiver appointed by it, be liable for any failure to exercise its rights, powers or remedies arising hereunder or otherwise, including without limitation any failure to take possession of, collect, enforce, realize, sell, lease or otherwise dispose of, preserve or protect the Collateral, to carry on all or any part of the business of the Debtor relating to the Collateral or to take any steps or proceedings for any such purposes. Neither the Secured party nor any Receiver appointed by it shall have any obligation to take any steps or proceedings to preserve rights against prior parties to or in respect of Collateral including without limitation any instrument, chattel paper or securities, whether or not in the Secured Party's or the Receiver's possession, and neither the Secured Party nor any Receiver appointed by it shall be liable for failure to do so; notwithstanding the foregoing, the Secured Party shall be liable if it fails to preserve or protect the Collateral and such failure is a result of the Secured Party's gross negligence or wilful misconduct;
- (b) the Secured Party may grant extensions of time, take, abstain from taking and perfecting and give up security, accept compositions, grant releases and discharges, release any part of the Collateral and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party may see fit without prejudice to the liability of the Debtor to the Secured Party or the Secured Party's rights hereunder;
- (c) to facilitate the realization of the Collateral, the Secured Party may enter upon, occupy and use all or any of the premises owned or occupied by the Debtor and use all or any of the Collateral and other personal property of the Debtor for such time as the Secured Party or the Receiver requires,

free of charge, and the Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;

- (d) the Secured Party may discharge any claim, lien, mortgage, charge, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in each such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations hereby secured;
- (e) any proceeds of realization of the Collateral may be applied by the Secured Party to the payment of reasonable costs, charges and expenses (including without limiting the generality of the foregoing, legal, Receiver and accounting fees and expenses) incurred in connection with the exercise of any of the rights, powers and remedies granted under this Agreement, the Investco Note or any other agreement and any balance of such proceeds shall be applied by the Secured Party to payment of the Obligations in such order as the Secured Party may see fit; if there is any surplus remaining, it shall be paid to any person having a claim thereto in priority to the Debtor of whom the Secured Party has knowledge and any balance remaining shall be paid to the Debtor; if the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement and the aforesaid costs, charges and expenses, the Debtor shall remain liable to pay any deficiency to the Secured Party forthwith on demand; and
- (f) Except as may be otherwise directed by the Secured Party, all proceeds received from time to time by such Receiver in carrying out its appointment shall be received in trust, or as agent in the Province of Quebec, for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights and powers of the Secured Party.

6.3 Remedies Not Exclusive

All rights, powers and remedies of the Secured Party under this Agreement may be exercised separately or in combination and shall be in addition to, and not in substitution for, any other security now or hereafter held by the Secured Party and any other rights powers and remedies of the Secured Party however created or arising. No single or partial exercise by the Secured Party of any of the rights, powers and remedies under this Agreement or under any other security now or hereafter held by the Secured Party shall preclude any other and further exercise of any other right, power or remedy pursuant to this Agreement or any other security or at law, in equity or otherwise. The Secured Party shall at all times have the right to proceed against Collateral or any other security in such order and in such manner as it shall determine without waiving any rights, powers or remedies which the Secured Party may have with respect to this Agreement or any security or at law, in equity or otherwise.

6.4 Notice of Sale

Unless required by law, neither the Secured Party nor any Receiver appointed by it shall be required to give the Debtor any notice of any sale, lease or other disposition of the Collateral, the date, time and place of any public sale of Collateral or the date after which any private disposition of Collateral is to be made.

6.5 Monies Actually Received

The Debtor shall be entitled to be credited only with the actual proceeds arising from the possession, sale, lease or other disposition of, or realization of security on, the Collateral when received by the Secured Party or the Receiver and such actual proceeds shall mean all amounts received in cash by the Secured Party or the Receiver upon such possession, sale, lease or other disposition of, or realization of security on, the Collateral.

ARTICLE 7 GENERAL

7.1 Power of Attorney

The Debtor hereby appoints the Secured Party as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has herein agreed to execute, deliver and do or as may be required by the Secured Party or any Receiver to give effect to this Agreement or in the exercise of any rights powers or remedies hereby conferred on the Secured Party, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on the Secured Party. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.

7.2 Set-Off

Upon the occurrence of an Event of Default, the Secured Party may at any time and from time to time, without notice to the Debtor or to any other person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Debtor and the Secured Party, and any other indebtedness and liability of the Secured Party to the Debtor, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Secured Party may from time to time determine.

7.3 Dealings with Others

The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and other persons and

with Collateral and other security as the Secured Party sees fits and in accordance with this Agreement, without prejudice to the liability of the Debtor to the Secured Party or the rights, powers and remedies of the Secured Party under this Agreement.

7.4 Conflict

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of the Investco Note, the provisions of the Investco Note shall prevail.

7.5 Benefit of the Agreement

This Agreement shall be binding upon the heirs, executors, administrators, successors and permitted assigns of the Debtor and shall benefit the successors and assigns of the Secured Party. If there is more than one Debtor named herein, the term "Debtor" shall mean all and each of them, their obligations under this Agreement shall be joint and several and the Obligations shall include those of all or any one of them. No Debtor shall have any right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations unless and until all of the Obligations have been paid or performed in full.

7.6 Entire Agreement

This Agreement, including any schedule now or hereafter annexed hereto together with the Investco Note, constitutes the entire agreement between the Debtor and the Secured Party with respect to the subject matter hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Secured Party and the Debtor except as expressly set forth herein.

7.7 No Waiver

No delay or failure by the Secured Party in the exercise of any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude the other or further exercise thereof or the exercise of any other right unless otherwise expressly provided.

7.8 Severability

Each of the provisions contained in this Agreement is distinct and severable and if any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

7.9 Further Assurance

The Debtor agrees that it will from time to time, at the request of the Secured Party and at the expense of the Debtor, make, do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters, things and assurances as the Secured Party may deem necessary or desirable to perfect and preserve the security granted hereby and give effect to this Agreement. The Debtor shall pay all costs for searches and filings (by electronic means or otherwise) in connection with the registration, perfection and continuation of the security granted hereunder.

7.10 Notices

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, registered mail or by electronic means, addressed to the recipient as follows:

(a) to the Debtor:

626309 Saskatchewan Ltd.
 3341 Mine Road
 Port McNeill, B.C. V0N 2R0
 Attention: President
 Facsimile number: (250) 956 4888

(b) to the Secured Party:

Co-operative Trust Company of Canada, trustee of the David C.
 Dutcyvich RCA Trust and not in its personal capacity
 333 3rd Avenue North
 Saskatoon, SK S7K 2M2

Attention: Vice-President/Corporate Secretary
 Facsimile number: (9306) 652 7614

or such other address, electronic communication number or to the attention of such other Individual as may be designated by notice by any party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours and on the next business day if given after normal business hours on any day. If the party giving any communication knows or ought reasonably to know of any

difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by electronic communication.

7.11 Amendment

This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

7.12 Assignment

The rights of the Secured Party under this Agreement may be assigned by the Secured Party without the prior consent of the Debtor, free of any set-off, counterclaim or equities between the Debtor and the Secured Party, and the Debtor shall not assert against any assignee of the Secured Party any claim or defense that the Debtor has or may hereafter have against the Secured Party. The Debtor may not assign its obligations under this Agreement.

7.13 Additional Continuing Security

This Agreement and the security interest, assignment, mortgage, hypothec and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and this Agreement is a continuing agreement and security that shall remain in full force and effect until discharged by the Secured Party.

7.14 Discharge

The Debtor shall not be discharged from any of the Obligations or from this Agreement except by a release or discharge signed in writing by the Secured Party.

7.15 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

7.16 Corporate Waiver

It is hereby agreed that if the Debtor is a corporation The Limitation of Civil Rights Act of the Province of Saskatchewan or any provision thereof shall have no application to this Agreement, or any agreement or instrument renewing or extending or collateral to this Agreement, or to the rights, powers or remedies of the Secured Party under this Agreement.

7.17 Counterparts

This Agreement may be executed in counterparts (and by different parties on separate counterparts), each of such shall be an original, but all of which together will constitute one and the same agreement.

7.18 Executed Copy

The Debtor acknowledges receipt of a fully executed copy of this Agreement and a copy of the financing statement/verification statement registered under the PPSA in respect of the security interest.

IN WITNESS WHEREOF the Debtor has executed this Agreement this 2nd day of January, 2003.

626309 Saskatchewan Ltd.

By: 

Name: David C. Dutcyvich

Title: President

ASSIGNMENT OF OPCO NOTE

THIS ASSIGNMENT made as of the 2nd day of January, 2003

BY:

626309 Saskatchewan Ltd., a corporation incorporated
under the laws of the Province of Saskatchewan

(the "Assignor")

IN FAVOUR OF:

**Co-operative Trust Company of Canada, in its capacity
as trustee of the David C. Dutcyvich RCA Trust**, a trust
governed by the laws of the Province of Saskatchewan, and
not in its personal capacity

(the "Assignee")

RECITALS:

- A. The Assignor has issued the Investco Note in favour of the Assignee to evidence the advance of the Investco Loan to the Assignor;
- B. In order to secure the payment and performance of the Obligations, the Assignor has agreed to assign to the Assignee the Opco Indebtedness and the Opco Note.

NOW THEREFORE in consideration of the sum of \$1.00 and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

For the purposes of this Agreement:

"Agreement" means this Agreement as may be amended, restated or replaced from time to time;

"Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;

"Assigned Property" has the meaning attributed thereto in section 2.1;

"Event of Default" means an Event of Default as defined in the Investco Note;

"Investco Loan" means the loan of \$10,000,000.00 made by the Assignee to Assignor, evidenced by the Investco Note;

"Investco Note" means the promissory note dated the date hereof by the Assignor in favour of the Assignee in respect of the Investco Loan, as amended, restated or replaced from time to time;

"Obligations" means all indebtedness, liabilities or other obligations of the Assignor to the Assignee from time to time, including without limitation in respect of the Investco Note, whether present or future, absolute or contingent, direct or indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise;

"Opco" means collectively 621745 Saskatchewan Ltd. and 3L Cattle Company Ltd., corporations incorporation under the laws of Saskatchewan and their respective successors and D.C. & E. Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., Lemare Lake Logging Ltd., C. & E. Roadbuilders Ltd. and Lone Tree Logging Ltd., corporations incorporated under the laws of the Province of British Columbia, and their respective successors;

"Opco Indebtedness" means all indebtedness and liabilities of Opco to Investco, of whatsoever nature, whether present or future, absolute or contingent, direct or indirect, matured or not, of whatsoever nature or kind, in any currency or otherwise;

"Opco Note" means the \$10,000,000.00 promissory note dated the date hereof by Opco in favour of the Assignor;

"Opco Security" means all security from time to time, if any, provided to Investco by Opco as security for the Opco Indebtedness; and

"Security" means all of the security from time to time granted by the Assignor to the Assignee to secure the obligations of the Assignor under the Investco Note.

1.2 Invalidity, etc.

Each of the provisions contained in this Agreement is distinct and severable and if any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect. To the extent permitted by applicable law, the parties hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

1.3 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2

ASSIGNMENT

2.1 Assignment

The Assignor hereby assigns, transfers, conveys and sets over to and in favour of the Assignee, as general and continuing security for the payment, performance and satisfaction of the Obligations, all of its right, title and interest in and to the Opco Indebtedness and the Opco Note (collectively, the "Assigned Property"), including without limitation the Opco Indebtedness, the Opco Note and all agreements, instruments, certificates or other documents delivered in connection therewith, and all proceeds received or receivable upon payment of all or any part of the Opco Indebtedness, at maturity or otherwise, and the benefit of all conditions, terms, covenants and agreements contained in the Opco Note for the benefit of the Assignor.

ARTICLE 3

REMEDIES

3.1 Remedies

Upon the occurrence of an Event of Default, the Assignee may, without notice to the Assignor except as may be required by Applicable Law, realize on the Assigned Property and exercise all of the rights and remedies of the Assignor in respect of the Assigned Property, including, without limitation, the right to collect, demand, sue for, realize, sell or otherwise deal with any indebtedness comprising part of the Assigned Property in such manner, upon such terms and conditions and at such time or times as may seem to the Assignee advisable and without notice to the Assignor (except as otherwise required by Applicable Law), and may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal fees) in or in connection with collecting, realizing, selling or obtaining payment of such indebtedness and may add the amount of such sums as part of the Obligations.

3.2 Moneys in Trust

The Assignor shall direct the other party to pay all monies payable to the Assignor directly to the Assignee. Any monies collected or received by the Assignor in respect of

the Assigned Property notwithstanding such direction shall be received as trustee for the Assignee, and shall be forthwith paid over to the Assignee by the Assignor.

The Assignee may apply the amounts collected or received by it in accordance with the provisions of this Agreement on account of such parts of the Obligations as the Assignee deems best or hold the same in a separate Assigned Property account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.

3.3 Notification

The Assignee may notify Opco or Investco, as the case may be, to make payments in respect of any indebtedness comprising part of the Assigned Property directly to the Assignee or to a person designated by the Assignee.

3.4 Effectiveness

This Agreement shall remain in full force and effect, and shall constitute continuing security for the Obligations until the full payment, performance and satisfaction of the Obligations, without regard to, and the obligations of the Assignor shall not be affected or impaired by:

- (a) any amendment or modification of or addition or supplement to the Assigned Property or any other Security;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Agreement, the Assigned Property or any other Security;
- (c) any waiver, consent, extension, indulgence, or other action, inaction or omission under or in respect of this Agreement, the Assigned Property or any other Security;
- (d) any default by the Assignor under, or any invalidity or unenforceability of, or any limitation on the liability of the Assignor under, or any irregularity or defect in, any of the Assigned Property or any other Security;
- (e) any merger, consolidation or amalgamation of the Assignor or Opco into or with any other person; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding up, dissolution or similar proceeding involving or affecting the Assignor or Opco.

3.5 Extensions, etc.

The Assignee may grant extensions of time or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the

Assignor, Opco and with other parties and security as the Assignee sees fit and apply all moneys received from the Assignor or others or from any security as it or they may think best, without the consent of, or notice to, the Assignor and without prejudice to, or in any way limiting or lessening the liability of the Assignor hereunder.

The Assignee shall not be liable or accountable for any failure to collect, realize or obtain payment of the Assigned Property or any part thereof and the Assignee shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Assignee, the Assignees, the Assignor or any other person, firm or Assignor in respect of the same.

3.6 Further Assurances

The Assignor shall from time to time forthwith on the Assignee's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Assignee to give effect to these presents.

ARTICLE 4 MISCELLANEOUS

4.1 Supplemental Security

This Agreement is taken by way of additional security only, and neither the entering into of this Agreement nor anything done in pursuance hereof shall in any way prejudice or limit the rights of the Assignee or the obligations of the Assignor under the Security or Applicable Law.

4.2 Power of Attorney

The Assignor irrevocably appoints the Assignee as its attorney and agent with full power to enforce payment of any indebtedness comprised in the Assigned Property and to enforce performance of the terms, covenants and conditions of the Assigned Property or to demand, sue for, recover, receive and give receipts for such payments and collect damages in connection with any breach of such terms, covenants, or conditions, in the name of and as agent for the Assignor or in the name of the Assignee.

4.3 Successors, etc.

This Agreement shall be a continuing agreement in every respect, and shall be binding upon the successors and assigns of the Assignor and shall, together with the rights and remedies of the Assignee hereunder, enure to the benefit of the Assignee and its successors and assigns. No remedy for the enforcement of the rights of the Assignee hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this Agreement is intended

to attach when this Agreement is signed by the Assignor and delivered to the Assignee. All rights of the Assignee hereunder or under the Assigned Property shall be assignable to any person as provided in the Investco Note. The Assignor shall not assign any of its rights or obligations under this Agreement without the consent of the Assignee.

4.4 Conflict


This Agreement is delivered pursuant to the provisions of the Investco Note and is in all respects subject to the Investco Note and the rights arising thereunder. In the case of any conflict or inconsistency between the terms and conditions of the Investco Note and the terms and conditions contained in this Agreement, the terms and conditions of the Investco Note shall prevail.

4.5 Additional Continuing Security

This Agreement is in addition to and not in substitution for any other agreement between the Assignee and the Assignor creating a security interest in, or assigning, transferring or conveying all or any part of the Assigned Property, whether heretofore or hereafter made.

IN WITNESS WHEREOF the Assignor has executed this Agreement as of the date first above written.

626309 Saskatchewan Ltd.

By: 
Name: David C. Dutcyvich
Title: President

621745 Saskatchewan Ltd. and 3L Cattle Company Ltd. (each incorporated under the laws of Saskatchewan) and D.C. & E. Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., Lemare Lake Logging Ltd., C. & E. Roadbuilders Ltd. and Lone Tree Logging Ltd. (each incorporated under the laws of British Columbia)

PROMISSORY NOTE

Date: January 2, 2003

Amount: \$10,000,000.00

621745 Saskatchewan Ltd., 3L Cattle Company Ltd., D.C. & E. Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., Lemare Lake Logging Ltd., C. & E. Roadbuilders Ltd. and Lone Tree Logging Ltd. (collectively and individually the "Borrower") for value received hereby jointly and severally acknowledge themselves indebted to and unconditionally promises to pay, at the times and in the manner set forth herein, to or to the order of **626309 Saskatchewan Ltd.**, a corporation incorporated under the laws of Saskatchewan (the "Lender"), the principal sum of **\$10,000,000.00** (or such part thereof as may at such time be outstanding) in lawful money of Canada, and to pay interest on the principal amount of this Note outstanding from time to time, and all other payments stipulated herein, at the rate and in the manner set forth herein.

ARTICLE 1 INTERPRETATION

1.1 Definitions

For the purposes of this Note:

"Amortization Date" means the date which is 5 years prior to the then scheduled Retirement Date or, if the Retirement Date is changed at any time to a date which is less than 5 years from the date such change is made, then the Amortization Date shall be the date such change is made;

"Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies (including, without limitation, the CCRA);

"Applicable Margin" means 1.6% plus, following the Reset Date, the amount of any Reset Adjustment;

"Beneficiary" means David C. Dutcyvich, of Naicam, in the Province of Saskatchewan;

"Bridge Period" means the period from the date hereof until the Securitization Date (if any) and otherwise until all obligations have been fully and irrevocably paid in full;

"Banking Day" means any day (other than Saturday or Sunday) on which banks are generally open for business in Regina, Saskatchewan, Toronto, Ontario and Montreal, Quebec and, if different, in the province specified under section 1.4 of this Note;

"CCRA" means Canada Customs and Revenue Agency and its successors;

"CUCORP" means Saskatchewan Cooperative Financial Services Limited, operating as CUCORP Financial Services and its successors;

"Default" means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

"Event of Default" has the meaning attributed to such term in section 5.1;

"Floating Rate" means, in respect of any Interest Period, a rate per annum equal to the sum of (i) the Securitization Entity's Cost of Funds in respect of the relevant funding period and (ii) the Applicable Margin. Where the Securitization Entity issues Notes during an Interest Period and solely for the purpose of determining the Floating Rate on any particular day during such an Interest Period for the purposes of the Interest Act (Canada), the securitization Entity's Cost of Funds shall be deemed to be (i) for any day during the period of such Interest Period prior to the day on which the Securitization Entity issues the Notes for such Interest Period, the Prime Rate, and (ii) for any day during the remainder of such Interest Period, a per annum rate of interest equivalent to the difference between the amount of interest accrued during such Interest Period prior to such remainder and the amount of interest that would accrue for the entire Interest Period at the rate of the Securitization Entity's Cost of Funds in respect of the relevant funding period.

"Governmental Authorities" means the government of any sovereign state or any political subdivision thereof, or of any political subdivision of a political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, administrative or other functions of or pertaining to government;

"Investco Loan" means the loan of \$10,000,000.00 made by the Trustee to the Lender;

"Interest Period" means, initially, the period from and including the date of the advance of the Loan to but excluding the next following Payment Date and thereafter the period from and including the day following the last day of the preceding Interest Period to but excluding the next following Payment Date;

"Investco Note" means the promissory note dated the date hereof issued by the Lender in favour of the Trustee in respect of the Investco Loan;

"Lemare Lake" means Lemare Lake Logging Ltd., a corporation governed by the laws of British Columbia, and its successors;

"Loan" means the principal amount of this Note from time to time;

"Loan Agreement" means the loan agreement dated the date hereof between the Trustee, as borrower, and the RCA Lender, as lender, as amended, supplemented, modified, restated or replaced from time to time;

"Loan Documents" means this Note and any other agreements, instruments and documents delivered from time to time (both before and after the date of this Note) to the RCA Lender by the Trustee in connection with the Loan Agreement, to the Trustee by the Lender in connection with the Investco Loan, or to the Lender by the Borrower in connection with this Note, in each case as amended, supplemented, modified, restated or replaced from time to time;

"Make Whole Payment" means, in connection with any prepayment or early repayment, after the Securitization Date, of all or any portion of the principal amount of the Loan, by acceleration or otherwise, a payment equal to (i) 1% of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the first anniversary of the Securitization Date; and (ii) 1% (declining by 0.20 of 1% for each of years 2, 3, 4 and 5 following the Securitization Date) of the initial Loan amount together with all accrued and unpaid interest if prepayment occurs prior to the second, third, fourth or fifth anniversary of the Securitization Date, respectively; and (iii) 0% in each successive year thereafter, all multiplied by a fraction, the numerator of which is the amount of such prepayment or repayment and the denominator of which is the initial Loan amount at the time of such prepayment or repayment;

"Note" means this promissory note and all schedules attached to this note, in each case as they may be amended or supplemented from time to time;

"Obligations" means all indebtedness, liabilities and other obligations of the Borrower to the Lender hereunder or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

"Prime Rate" means, on any day, the greater of (i) the rate of interest established by CUCORP at its head office in Regina, Saskatchewan as its reference rate of interest for the purpose of determining interest rates it will charge on that day for demand loans made in Canada in Canadian dollars to its Canadian commercial customers, and (ii) the 30 day bankers' acceptances rate which appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto time, on such date plus 1.50% per annum;

"Proceedings" has the meaning attributed thereto in section 3.1.7;

"Rating Agency" means Dominion Bond Rating Service Limited and its successors or such other person as may be authorized to rate the Notes from time to time;

"RCA Lender" means CUCORP or its assigns (including the Securitization Entity, if any) from time to time as Lender under the Loan Agreement;

"RCA Loan" means the loan advanced by the RCA Lender to the Trustee under the Loan Agreement;

"RCA Trust" means the David C. Dutcyvich RCA Trust established by the Trust Agreement;

"Reset Adjustment" has the meaning attributed to such term in section 2.2;

"Reset Date" has the meaning attributed to such term in section 2.2;

"Retirement Date" means, in respect of the Beneficiary, the date on which the Beneficiary attains the age of 75 years as contemplated in the Retirement Income Plan, as such date may be revised from time to time in accordance with section 2.6;

"Retirement Income Plan" means the amended and restated retirement income plan agreement dated **December 31, 2002** between Lemare Lake and the Beneficiary providing for the establishment of the RCA Trust and Lemare Lake's contribution thereto, as amended, restated or replaced from time to time in accordance with this Agreement;

"Review Date" means June 30th in each year;

"Securitization" means the proposed Securitization of the RCA Loan in accordance with section 1.5;

"Securitization Date" means the effective date of the assignment, if any, by the RCA Lender of its interest in the RCA Loan and the Loan Documents to the Securitization Entity;

"Securitization Entity" means a trust or other special purpose entity which acquires the RCA Lenders' interest in the RCA Loan and the Loan Documents, and in other similar loans and documents, in connection with the Securitization and its assigns;

"Securitization Entity Notes" means the senior short term notes issued by the Securitization Entity from time to time in order to, inter alia, fund asset purchases by the Securitization Entity;

"Securitization Entity's Cost of Funds" means, in respect of any Interest Period, a per annum rate equivalent to the Securitization Entity's weighted average cost of funding for the relevant Note funding period, in connection with all Notes (based upon the interest payable in respect of interest bearing Notes or the difference between the face amount and the discounted proceeds in respect of discount notes); and

"Trust Agreement" means the amended and restated trust agreement dated December 31, 2002 establishing the RCA Trust, as amended, supplemented, modified, restated or replaced from time to time in accordance with this Agreement, and pursuant to which the Trustee has been appointed as trustee of the RCA Trust and

"Trustee" means Co-operative Trust Company of Canada in its capacity as trustee of the RCA Trust, or any successor in such capacity.

1.2 Invalidity, etc.

Each of the provisions contained in this Note is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.3 Currency

All monetary amounts in this Note are stated in Canadian dollars.

1.4 Governing Law

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.5 Securitization

The Borrower acknowledges that it is the intention of the RCA Lender to sell, assign and convey its interest in the RCA Loan and the Loan Documents to a Securitization Entity (upon, and subject to, satisfaction of the conditions to such assignment established from time to time by CUCORP and the Securitization Entity). The Borrower further acknowledges that there is no assurance that the proposed assignment will ultimately be effected, or as to the timing of any such assignment. Pursuant to the terms of the Loan Agreement, the RCA Lender will provide written notice to the Borrower of the Securitization Date and such notice shall constitute notice to the Borrower of such date. All terms stipulated herein as being in effect from and after the Securitization Date shall take effect automatically as of the Securitization Date, without further action by the RCA Lender or the Lender and irrespective of the time of giving notice to the Borrower.

ARTICLE 2 PAYMENT

2.1 Interest

2.1.1 During the Bridge Period, the Borrower shall pay to the Lender interest on the outstanding principal amount of this Note at a rate per annum equal to the Prime Rate in effect from time to time plus 0.95%.

2.1.2 From and after the Securitization Date, the Loan shall bear interest at the Floating Rate.

- 2.1.3 The Borrower acknowledges that upon the occurrence of an Event of Default under the Loan Agreement or at any time thereafter, the Securitization Entity may elect to transfer, sell, assign and convey its interest in the RCA Loan and the Loan Documents to any person upon notice to the notice to the Trustee and the Borrower. Immediately upon any such sale and until the obligations of the Borrower have been fully irrevocably satisfied, the Loan will bear interest at a rate equal to the sum of (i) the posted prime lending rate applicable to commercial loans of any Schedule 1 Canadian bank selected by the Securitization Entity or at the average of the prime commercial lending rates for any number of Schedule 1 Canadian banks, in either case in effect from time to time, all as specified by notice to Borrower, plus (ii) 2% per annum.
- 2.1.4 Interest payable pursuant to section 2.1.1, 2.1.2 or 2.1.3 as the case may be, shall accrue from day to day, shall be calculated on the basis of the number of days elapsed and on the basis of a year of 365 or 366 days, as the case may be, and shall be paid to the Lender in arrears on each Payment Date (in respect of interest accrued up to but excluding such Payment Date) commencing on the first Payment Date following the day on which the advance of the Loan is made. Changes in the Prime Rate or the Floating Rate, as the case may be, shall cause an immediate adjustment of the interest payable hereunder without the necessity of any notice to the Borrower.

2.2 Interest Rate Reset

Pursuant to the Loan Agreement, not less than 90 days prior to the fifth anniversary of the Securitization Date (the "Reset Date"), the RCA Lender on behalf of the Lender may, at its exclusive option, provide the Borrower with a proposal for a new rate and/or rate formula (the "Reset Adjustment") to take effect as the "Applicable Margin" (and the corresponding adjustment to the interest accruing hereunder) on the Reset Date. The Lender hereby irrevocably appoints the RCA Lender as its exclusive agent for the purposes of determining whether or not to propose a Reset Adjustment, determining what such Reset Adjustment will be and giving all necessary notices (all such actions to be in the RCA Lender's sole discretion). If the Reset Adjustment is accepted (or deemed to be accepted) by the Borrower in accordance with the Loan Agreement, the "Applicable Margin" under this Note shall be such Reset Adjustment from and after the Reset Date. If the Borrower does not accept the Reset Adjustment, the Borrower shall repay this Note and all other Obligations in full on the Reset Date.

2.3 Fees

- 2.3.1 The Borrower acknowledges that the initial principal amount of this Note evidences (i) an advance to it of **\$9,890,109.89** by the Lender and (ii) a loan arrangement fee in the amount of **\$109,890.11** payable by the Borrower to the Lender and withheld from the advance hereunder (and in turn paid by the Lender to the Trustee pursuant to the terms of the Investco Note).
- 2.3.2 The Borrower shall pay to the Lender, or as the Lender may direct, an application fee of 0.50% of the amount of this Note on the date hereof (to the extent not paid prior to the date hereof); and
- 2.3.3 The Borrower shall pay to the Lender, or as the Lender may direct, an annual arrangement fee of 0.10% of the outstanding amount of this Note calculated and payable on each anniversary date of this Note until the outstanding amount of this Note is paid in full.

2.4 Evidence of Obligations

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Note, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

2.5 Manner of Payment

All payments of principal, interest or other amounts payable hereunder by the Borrower shall be made on the Payment Date. So long as this Note or any part thereof is outstanding, interest shall be payable on the Payment Date by direct debit as contemplated in section 4.1.10, or in such manner as the Lender, acting reasonably, may from time to time specify to the Borrower.

2.6 Repayment

- 2.6.1 During the Bridge Period, the outstanding principal amount of this Note, together with all accrued and unpaid interest thereon and other amounts payable under this Note, shall be due and payable in full on demand by the Lender.
- 2.6.2 Upon the occurrence of the Securitization Date, and notwithstanding section 2.7 the outstanding principal amount of this Note, together with all accrued and unpaid interest and other amounts payable under this Note, shall (subject to the terms of this Note) be due and payable on the earlier of (i) the 10th anniversary of the Securitization Date and (ii) the Retirement Date.

2.7 Amortization

- 2.7.1 The Borrower agrees that if the Amortization Date occurs, the Borrower shall commencing on the Payment Date immediately following the Amortization Date make monthly payments of principal in equal amounts which are sufficient to amortize the principal amount of the Loan to nil at the Retirement Date (with the final payment of principal and all accrued and unpaid interest being due and payable on such Retirement Date) provided, however, that notwithstanding any other provision, the outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall become due and be payable on the Retirement Date.
- 2.7.2 During the Term of the Loan, any change in the Beneficiary's scheduled age for retirement shall change the Retirement Date hereunder. The Borrower shall deliver written notice within 15 days of the change in the Beneficiary's scheduled age for retirement to the Lender and RCA Lender. If as a result of any change in the Retirement Date the Amortization Date falls within the first five years of the term of the Loan, the Borrower shall, concurrent with such occurrence, pay to the Lender a make-whole payment equal to the Make-Whole Payment which would be payable by the Borrower if the Loan were prepaid on the revised Amortization Date. Such payment shall be due and payable immediately upon receipt by the Lender of such notice and shall be on account of liquidated damages and not as a penalty.

2.8 Voluntary Prepayment of this Note

Both before and after the Securitization Date, the Borrower may on any Payment Date and upon 90 days prior written notice to the Lender, voluntarily prepay the Loan in whole (or in part in a minimum principal amount of \$50,000) together with (i) all accrued and unpaid interest thereon; and (ii) after the Securitization Date, as a separate obligation, the Make Whole Payment, as liquidated damages and not as a penalty.

Notwithstanding the foregoing:

- (a) if the RCA Lender at any time should require the RCA Trust to provide audited annual financial statements for the Lender, the Borrower or any affiliates of the Borrower specified by the RCA Lender as contemplated by Section 6.1.7.5 of the Loan Agreement, then the RCA Trust may, within 90 days from the date of such notice, advise the RCA Lender that it will prepay the RCA Loan in whole, but not in part, with such prepayment to occur on the first Banking Day of the month immediately following the date of the RCA Trust giving the RCA Lender such notice. The Borrower shall pay to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and thereafter:
 - (i) the Lender shall pay to the RCA Trust the principal amount of the Investco Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment, and
 - (ii) the RCA Trust shall pay to the RCA Lender the principal amount of the RCA Loan outstanding, all accrued and unpaid interest, together with all other amounts due and owing, without payment of the Make-Whole Payment; and
- (b) if the Borrower agrees to make an advance or provide credit in excess of the 5% limit provided in Section 6.3.12 of the Loan Agreement and Section 4.1.12 of this Note and if it is proposed that the recipient of such advance or credit will not become a co-obligor of this Note, then the RCA Trust shall have the right to prepay the RCA Loan in whole but not in part without payment of the Make-Whole Payment if but only if:
 - (1) as soon as is commercially practicable and in any event not more than 15 days following an agreement by the Borrower to make such an advance or provide such credit (whether or not such agreement is subject to conditions) the Borrower shall have provided to the RCA Lender written notice thereof, together with sufficient particulars, to allow the RCA Lender to make an informed decision thereon;
 - (2) the RCA Lender shall have advised the RCA Trust by notice in writing that the RCA Lender shall not consent to the making of such advance or the provision of such credit;
 - (3) the RCA Trust shall otherwise be in compliance with the Loan Agreement; and
 - (4) the Borrower shall have paid to the Lender the principal amount of the Loan outstanding, all accrued and unpaid interest together with all other

amounts due and owing, on or before the date that is 60 days from the date of the Lender's notice pursuant to clause 2, and thereafter:

- (i) the Lender shall have paid to the RCA Trust the principal amount of the Investco Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the RCA Lender's notice pursuant to clause 2; and
- (ii) the RCA Trust shall have paid to the RCA Lender the principal amount of the RCA Loan outstanding, all accrued and unpaid interest together with all other amounts due and owing, on or before the date that is 60 days from the date of the RCA Lender's notice pursuant to clause 2

The RCA Lender agrees that if it does not deliver the notice referred to in clause 2 above within 30 days of the date of receipt of the notice provided for in clause 1 above, the RCA Lender shall be deemed to have consented to the making of such advance or the provision of such credit.

2.9 Application of Payments

Any amounts prepaid or repaid may not be re-borrowed. All payments in respect of the Obligations shall be applied (i) firstly in reduction of the accrued and unpaid interest then outstanding, (ii) second in reduction of the principal amount of the Loan to the extent any such amounts are then due and payable, (iii) thirdly, toward the payment of any Fees (including Make-Whole Payments), (iv) fourthly, in reduction of the principal amount of the Loan, whether or not then due and payable, and (v) fifthly, toward all other unpaid Obligations until all Obligations have been fully and irrevocably paid in full.

2.10 Payment of Costs and Expenses

The Borrower shall pay to the Lender:

- 2.10.1 on the date of the initial advance of the Loan, an amount stipulated by the Lender as the amount payable by it, on account of the fees, expenses and disbursements of the RCA Lender and counsel to the RCA Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents; and
- 2.10.2 from time to time, on demand by the Lender all other reasonable costs and expenses of the Lender, the Trustee, the RCA Lender, and its agents from time to time in connection with:
 - (a) any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder; and
 - (b) the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents or any action taken by the Lender to secure payment of or ensure eligibility for or entitlement to the maximum refund of Refundable Tax to which the Borrower could be entitled;

including, without limitation, all of the reasonable fees and disbursements of counsel to the Lender, or such other advisors, including accountants, actuaries or others as the Lender may deem advisable, incurred in connection therewith.

2.11 Indemnity

The Borrower shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrower to repay any Obligations when required by the terms of this Note.

2.12 Overdue Amounts

All overdue payments hereunder, including, without limitation, payments of principal, interest fees, expenses, disbursements and costs shall bear interest at the rate otherwise applicable plus 1% per annum.

2.13 Change in Circumstance

If either:

- 2.13.1 the introduction of, or any change (including any change by way of imposition or increase of any reserve requirements) in or in the interpretation of, any law by any court or Governmental Authority, in each case made after the date hereof; or
- 2.13.2 the compliance by the RCA Lender and/or the Securitization Entity with any changed or introduced guideline or request made after the date hereof from any Governmental Authority (whether or not having the force of law),

has the effect of:

- 2.13.3 increasing the cost to the RCA Lender and/or the Securitization Entity of making, funding or maintaining the RCA Loan, or reducing the rate of return to the RCA Lender and/or the Securitization Entity in connection therewith or as a result of reserves (including reserves against capital) to be made therefor or requiring the payment of taxes in respect of the capital of the Lender and/or the Securitization Entity;
- 2.13.4 reducing the amount payable by the RCA Trust with regard to the RCA Loan or the obligations thereunder; or
- 2.13.5 requiring the RCA Lender and/or the Securitization Entity to make a payment it would not otherwise have been required to make, calculated by reference in whole or in part to the RCA Loan or the security documents thereunder,

the RCA Lender and/or the Securitization Entity shall deliver to the RCA Trust, the Lender and the Borrower a certificate setting forth its computation of such increased costs, amounts not received or receivable, reduction in rate of return or required payment made or to be made, which computation may utilize such averaging and attribution methods that the RCA Lender and/or the Securitization Entity, acting reasonably, believes to be applicable. Upon receipt of such certificate, the Borrower shall forthwith pay to the Lender as part of its Obligations hereunder, in order that the Lender may pay the RCA Trust and the RCA Trust may pay to the RCA Lender and/or the Securitization Entity the amount of such increased costs. The RCA Lender and/or the Securitization Entity shall promptly notify the Borrower of any event or circumstance which could result in any payment being required to be made by the Borrower to the Lender hereunder

for the purposes of the Lender making payment to the RCA Trust which in turn will make payment to the RCA Lender and/or the Securitization Entity pursuant to this section

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties

Each Borrower represents and warrants to the Lender (on the date hereof, and on the date of advance(s) of the Loan (if different from the date hereof) and acknowledges that the Lender is relying on such representations and warranties in connection with the transaction contemplated hereunder as follows:

- 3.1.1 **Status.** It is duly incorporated and existing under the laws of its incorporating jurisdiction;
- 3.1.2 **Power and Capacity.** It has the corporate power and capacity to own its property and assets and to enter into and perform its obligations under the Loan Documents to which it is a party;
- 3.1.3 **Due Authorization and Execution.** It has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents to which it is a party;
- 3.1.4 **No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by the Borrower of its obligations thereunder does not and will not contravene, breach or result in any default under the articles, bylaws or other constating documents of the Borrower, any contract to which the Borrower is a party or by which it is bound, or any Applicable Law;
- 3.1.5 **No Consents Required.** No authorization, consent or approval of, or filing with or notice to, any person (including any other lender or any governmental body) is required in connection with the execution, delivery or performance of any of the Loan Documents by the Borrower, which has not been obtained or made;
- 3.1.6 **Enforceability.** Each of the Loan Documents to which it is a party constitutes, or upon execution and delivery will constitute, a valid and binding obligation of the Borrower enforceable against it in accordance with its terms;
- 3.1.7 **No Litigation.** There is no material court, administrative, regulatory or similar investigation or proceeding (collectively "Proceedings") against or involving the Borrower, whether in progress or threatened, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against the Borrower;
- 3.1.8 **All Material Information Supplied.** It has provided to the Lender and the RCA Lender all material information in its possession relating to its assets and financial condition. All documents and instruments delivered or to be delivered by it to the Lender or the RCA Lender in accordance with this Note are, or will be, in all cases true and correct copies and all such documents and instruments are, or will be, in full force and effect;
- 3.1.9 **Ownership.** Darsey Hall is the registered holder and the Beneficiary is the beneficial owner of all of the issued and outstanding shares of 621745

Saskatchewan Ltd., Violet Presber is the registered holder and the Beneficiary is the beneficial owner of all of the issued and outstanding shares of 3L Cattle Company Ltd., the Beneficiary is the registered and beneficial owner of all of the issued and outstanding shares of D.C. & E. Consulting Ltd., the Beneficiary, D. C. & E. Consulting Ltd. and the Dutcyvich Family Trust are the registered and beneficial owners of all of the issued and outstanding shares of 466620 B.C. Ltd. and 466620 B.C. Ltd. is the registered and beneficial owner of all of the issued and outstanding shares of each of 3L Developments Inc., 3L Holdings Ltd., Coast Dryland Services Ltd., Lemare Lake, C & E Roadbuilders Ltd and Lone Tree Logging Ltd.;

3.1.10 **Contribution.** Lemare Lake has made aggregate contributions of \$8,489,011.00 to the RCA Trust; and

3.1.11 **Purpose.** The RCA Trust has been established by Lemare Lake solely for the purpose of providing retirement income benefits to the Beneficiary only on the Beneficiary's retirement from employment.

3.2 Survival of Representations and Warranties

The representations and warranties contained in Section 3.1 shall survive the date of this Note, the date of advance(s) of the Loan and the Securitization Date and shall continue until the Obligations have been fully and irrevocably paid in full.

ARTICLE 4 COVENANTS

4.1 Covenants

So long as any Obligations remain outstanding, the Borrower covenants and agrees that it shall:

- 4.1.1 Pay all Obligations coming due hereunder on the dates and in the manner specified herein;
- 4.1.2 do or cause to be done all things necessary or desirable to maintain its corporate existence and its corporate power and capacity to own its property and assets;
- 4.1.3 comply in all material respects with the requirements of all Applicable Law and all contracts to which it is a party or by which it is bound;
- 4.1.4 pay and discharge all material taxes and claims payable by it;
- 4.1.5 as soon as practicable after it shall become aware of the same, give notice to the Lender and the RCA Lender of the following events:
 - 4.1.5.1 the commencement of any material Proceeding against or affecting it;
 - 4.1.5.2 any development which might have a material adverse effect upon its ability to perform its obligations under any Loan Document; and
 - 4.1.5.3 any Default or Event of Default of which it has knowledge, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

- 4.1.6 on an annual basis on or before _____ the Review Date (or more frequently if required by the Lender) deliver to the Lender and the RCA Lender:
- 4.1.6.1 on or before the Review Date, its chartered accountant reviewed financial statements and any affiliates of the Borrower specified by the Lender (on a consolidated basis, if available);
 - 4.1.6.2 its internally prepared six and twelve month financial statements and those of any of its affiliates cross defaulted to this Loan (on a consolidated basis), within 45 days of the applicable fiscal period end; and
 - 4.1.6.3 as soon as practicable following a request therefor from the Lender or the RCA Lender, such financial or other information relevant to the Borrower's ability to perform its obligations under the Loan Documents as the Lender or the RCA Lender may reasonably request from time to time;
- 4.1.7 use the net proceeds of the Loan for general corporate purposes and shall not use the net proceeds of the Loan in a manner which is intended to or would defeat or hinder the interest of its creditors;
- 4.1.8 take no action to cause the Trustee to be replaced as trustee of the RCA Trust without the prior written consent of the RCA Lender;
- 4.1.9 take no actions to amend the Retirement Income Plan, other than to change the Retirement Age, or amend the agreement with the Trustee referred to in section 5.1.5, without the prior written consent of the RCA Lender;
- 4.1.10 open and maintain an account with a Canadian chartered bank or other Canadian financial institution for the purpose of receiving the advance(s) of the Loan and, unless otherwise directed by the Vendor, making payments as required hereunder, and shall complete all documentation required by the Lender for the purpose of causing all payments to be made by direct debit of such account; and
- 4.1.11 contemporaneously with the advance of the Loan Lemare Lake shall repay in full its existing indebtedness to the Lender as evidenced by promissory notes dated March 12, 1999 and February 21, 2000 in the aggregate amount of \$5,850,000.00. The Lender acknowledges that the representations, warranties and covenants contained in this Agreement shall be construed in a manner which reflects the foregoing repayment arrangements; and
- 4.1.12 not without the prior written consent of the Lender, advance or provide credit of any kind, in excess of 5% of the aggregate net assets of the Borrower, to any entity that is owned in whole or in part by the Beneficiary or any member of the Beneficiary's family, unless the proposed borrower first agrees, to the extent not already bound, to be bound by this Note and execute a counterpart of this Note or otherwise agrees in a manner satisfactory to the RCA Lender to be bound by the this Note, with such modifications to this Note as may be necessary in the circumstances.

4.2 Lender Entitled to Perform**Covenants**

If the Borrower fails to perform any covenant contained in section 4.1 the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the principal amount of this Note from time to time and shall be payable by the Borrower on demand.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

5.1 Events of Default

Without in any way derogating from the Lender's right to demand repayment of this Note at any time during or any anytime after the Bridge Period, the occurrence of any of the following events shall constitute an Event of Default:

- 5.1.1 any failure by the Borrower to pay, when due, by demand or otherwise, any payment principal or interest on the Loan, any fees, expenses or any other obligations owing under this Agreement, in any case within one Banking Day of such amount becoming due and payable;
- 5.1.2 any failure by the Borrower to perform or observe any covenant, condition or obligation contained in any Loan Document unless such failure, if capable of being remedied, is remedied within 5 Banking Days after the earlier of (i) notice thereof by the Lender to the Borrower and (ii) the Borrower becoming aware of such failure;
- 5.1.3 any representation or warranty made by the Borrower in any Loan Document is found to be false inaccurate or incomplete in any way so as to make it materially misleading when made or deemed to have been made;
- 5.1.4 any Event of Default occurs under and as defined in either the Loan Agreement or the Investco Note;
- 5.1.5 any default in the payment of any amount due to Co-operative Trust Company of Canada pursuant to the agreement dated , between the Borrower and Co-operative Trust company of Canada relating to the engagement of Co-operative Trust Company of Canada as Trustee of the RCA Trust, if such default continues for 3 Banking Days after notice from Co-operative Trust Company of Canada;
- 5.1.6 the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
- 5.1.7 the Borrower institutes any proceeding, or any proceeding is commenced against or involving the Borrower, the Beneficiary or the RCA Trust:
 - (a) seeking to adjudicate it a bankrupt or insolvent,
 - (b) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or any of its property or debt or making a proposal with respect to it under any law

relating to bankruptcy,
insolvency, compromise of debts or other similar laws; or

- (c) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any part of its property and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than 15 days from the institution of such first mentioned proceeding; or

- 5.1.8 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any material property and assets of the Borrower.

5.2 Remedies Upon Default

Upon the occurrence of any Event of Default (without in any manner limiting the rights of the Lender to demand repayment of this Note at any time during or at anytime after the Bridge Period), the Lender shall be entitled at its sole option to do any or all the following:

- 5.2.1 declare the full principal amount of the Loan, together with all accrued interest and all other Obligations to be immediately due and payable, (which Obligations may in such case include a Make Whole Payment); or
- 5.2.2 realize upon all or any part of the security granted pursuant to the Security Documents and exercise any or all of its rights and remedies thereunder and under Applicable Law, provided however that the Lender has no obligation to preserve rights to the security granted pursuant to the Security Documents or marshal any security granted pursuant to the Security Documents for the benefit of any of the Borrower's creditors;
- 5.2.3 set-off any obligations and liabilities of the Lender to the Borrower, general or special, matured or unmatured, against any of the Obligations; and
- 5.2.4 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider advisable,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents. For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time during the Bridge Period.

ARTICLE 6 SUBORDINATION

6.1 Subordination

The Borrower covenants and agrees, and the Lender, by its acceptance hereof, also covenants and agrees, that the payment of the principal, interest and other amounts in respect of

this Note shall be and are hereby expressly subordinated in right of payment to the prior payment of all other indebtedness of the Borrower (including, for greater certainty, all trade debts of the Borrower) (the "Indebtedness"). In order to give effect to the foregoing:

- 6.1.1 in the event that proceedings are commenced by or against the Borrower as a result of its insolvency or in the event of the liquidation or winding-up of the Borrower or if proceedings are commenced which effect a reorganization, arrangement or compromise of debt of the Borrower, the holders of all other Indebtedness shall be entitled to receive payment in full of all amounts due thereon before the Lender is to receive any payment in respect of the principal, interest or any other amount owing in respect of this Note;
- 6.1.2 upon the maturity of any Indebtedness which constitutes debt for borrowed money of the Borrower, by lapse of time, acceleration or otherwise, then all amounts owing in respect of such matured Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment on account of principal, interest or any other amount due in respect of this Note is made.

To the extent requested by any creditor of the Borrower, the Lender agrees to enter into a confirmation that such creditor is entitled to rely on the provisions of this section.

The foregoing subordination shall not relieve the undersigned from any of its obligations hereunder or restrict the rights of the Lender hereunder.

ARTICLE 7 GENERAL

7.1 Amendment and Waiver

No amendment or waiver of any provision of this Note or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

7.2 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by facsimile or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications shall be addressed as follows:

- (a) if to the Borrower:

c/o Lemare Lake Logging Ltd.
3341 Mine Road
Port McNeill, B.C. V0N 2R0
Attention: President
Facsimile Number: (250) 956 4888

(b) if to the Lender:

626309 Saskatchewan Ltd.
3341 Mine Road
Port McNeill, B.C. V0N 2R0
Attention: President
Facsimile Number: (250) 956 4888

(c) if to the RCA Lender:

CUCORP Financial Services
Box 3030
2055 Albert Street
Regina, Saskatchewan S4P 3G8
Attention: Hugh Balkwill
Facsimile number: (306) 566 7401

7.3 Enurement and Assignment

- 7.3.1 This Note shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns.
- 7.3.2 The Borrower shall not assign all or any part of its rights or benefits under this Note or the Loan Documents to which it is a party.
- 7.3.3 The Lender may assign all or any part of its rights and benefits under this Note and the Loan Documents to which the Borrower is a party to any person without the consent of the Borrower. Without limiting the generality of the foregoing, the Borrower acknowledges that the Lender shall, upon the issuance of this Note, assign as security to the Trustee, which shall in turn assign as security to the RCA Lender (collectively, "Secured Parties"), its interest in this Note. The Borrower hereby consents to such assignment and acknowledges that, in the event of a realization by any such Secured Party on the Lender's interest in this Note, such Secured Party shall be entitled to all of the rights and remedies of the Lender under this Note in the place of the Lender, subject however to the subordination provisions set forth under section 6.1 of this Note.

7.4 Confidentiality

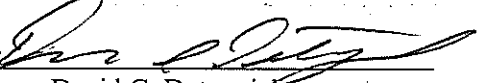
Each of the parties hereto shall make all reasonable efforts to hold all non-public information obtained pursuant to this Agreement and the transactions contemplated hereby or effected in connection herewith in accordance with its customary procedures for handling its confidential information of this nature, provided that, notwithstanding the foregoing, such parties may make disclosure of such non-public information (i) as requested or required by any Governmental Authority or representative thereof or pursuant to legal process of when required under Applicable Law, (ii) to the Rating Agency or their respective professional advisors who use such information; (iii) to any proposed assignee or third party involved in the disposition of the Loan and the Security Documents, or (iv) solely for the purposes of the transactions contemplated hereby.

7.5 Further Assurances

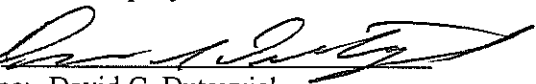
Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with this Note and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect thereto, all promptly upon the request of the Lender.

IN WITNESS WHEREOF the Borrower has executed this Note this 2nd day of January, 2003.

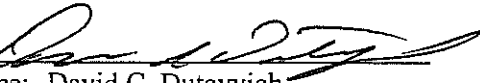
621745 Saskatchewan Ltd.

Per: 
 Name: David C. Dutcyvich
 Title: Authorized Signatory

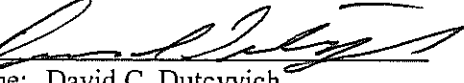
3L Cattle Company Ltd.

Per: 
 Name: David C. Dutcyvich
 Title: Authorized Signatory

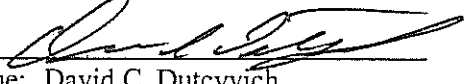
D.C. & E. Consulting Ltd.

Per: 
 Name: David C. Dutcyvich
 Title: President

466620 B.C. Ltd.

Per: 
 Name: David C. Dutcyvich
 Title: President

3L Developments Inc.

Per: 
 Name: David C. Dutcyvich
 Title: President

3L Holdings Ltd.

Per: 

Name: David C. Dutcyvich

Title: President

Coast Dryland Services Ltd.

Per: 

Name: David C. Dutcyvich

Title: President

Lemare Lake Logging Ltd.

By: 

Name: David C. Dutcyvich

Title: President

C. & E. Roadbuilders Ltd.

Per: 

Name: David C. Dutcyvich

Title: President

Lone Tree Logging Ltd.

Per: 

Name: David C. Dutcyvich

Title: President

ACKNOWLEDGEMENT OF TRANSFER OF LIABILITY FOR OPCO NOTE

THIS AGREEMENT dated with effect the 1st day of February, 2011

BY:

Concentra Trust, in its capacity as trustee of David C. Dutcyvitch RCA Trust and not in its personal capacity (the "Borrower")

AND BY:

David C. Dutcyvitch (the "Beneficiary")

AND BY:

626309 Saskatchewan Ltd. ("Investco")

AND BY:

Lemare Lake Logging Ltd. ("Lemare Lake")

AND BY:

3L Cattle Company Ltd. ("3L Cattle")

AND BY:

621745 Saskatchewan Ltd., D.C. & E. Consulting Ltd., 466620 B.C. Ltd., 3L Developments Inc., Dominion Log Sort Ltd., Coast Dryland Services Ltd., C. & E. Roadbuilders Ltd., Lone Tree Logging Ltd., 0900402 B.C. Ltd., Central Coast Industries Ltd., and Lemare Holdings Ltd. (the "Co-Obligors")

TO:

Concentra Financial Services Association ("RCA Lender")

AND TO:

Computershare Trust Company of Canada, in its capacity as trustee of Constellation Certificate Trust (Targeted) Series 2008-1, by its agent, Tao Admin Corp., without personal liability (the successor to BNY Trust Company of Canada, in its capacity as trustee of Rocket Trust, by its securitization agent, Coventree Capital Group Inc.) ("Computershare")

WHEREAS:

- A. Pursuant to the terms and conditions of a loan agreement dated January 2, 2003 (the "**Loan Agreement**") the RCA Lender made a loan of \$10,000,000 (the "**Loan**") to the Borrower and the Borrower granted to the RCA Lender as security for the Loan a promissory note, a general security agreement, an assignment of the Borrower's interest in a universal life insurance policy issued by BMO Life Assurance Company of Canada (formerly AIG Life Insurance Company of Canada) on the life of the Beneficiary and

numbered R00007869 and an assignment of the Investco Loan (as hereinafter defined) and Investco Documents (as hereinafter defined) all dated January 2, 2003 (together with the Loan Agreement collectively, the "**RCA Documents**"); and

- B. Immediately subsequent to the loan from the RCA Lender to the Borrower, the Borrower made a loan to Investco of the sum of \$10,000,000 (the "**Investco Loan**") and Investco granted to the Borrower as security for the Investco Loan a promissory note, a general security agreement and an assignment (the "**Assignment of Opco Note**") of the Opco Note (as hereinafter defined) all dated January 2, 2003 (collectively, the "**Investco Documents**"); and
- C. Immediately subsequent to the loan from the Borrower, Investco made a loan to Lemare Lake in the sum of \$10,000,000 (the "**Opco Loan**") and Lemare Lake, 3L Cattle and the Co-Obligors granted to Investco as security for the Opco Loan a promissory note dated January 2, 2003 (the "**Opco Note**") and together with Investco and the Beneficiary entered into an acknowledgement and consent agreement dated January 2, 2003 to and in favour of the RCA Lender and the Borrower (the "**Acknowledgement**"); and
- D. The Trustee, Lemare Lake and the RCA Lender entered into a substitution of trustee agreement dated January 2, 2003 (the "**Substitution Agreement**"); and
- E. The RCA Lender did transfer, sell, assign and convey the Loan and the Loan Documents (as such term is defined in the Loan Agreement) to Computershare; and
- F. Pursuant to the commitment letter dated December 31, 2002 made by the RCA Lender to and accepted by the Borrower, Investco, the Opcos and the Beneficiary, Lemare Lake was the primary borrower under the Opco Note and the sole recipient of the net proceeds of the Opco Loan, with the remaining Opcos being co-obligors of the Opco Loan; and
- G. As a result of a reorganization of Lemare Lake, 3L Cattle and the Co-Obligors effective January 2011 the obligation of the due and punctual payment of the Opco Loan was transferred to and assumed by 3L Cattle, which reorganization and/or transfer and assumption may constitute an Event of Default (as such term is defined in the Loan Agreement) and therefore requires the consent of the RCA Lender and Computershare.

NOW THEREFORE in consideration of the sum of \$10 now paid by the RCA Lender and Computershare to each the Borrower, Investco, the Opcos and the Beneficiary (the receipt and sufficiency of which is hereby acknowledged) and for other good and valuable consideration the Borrower, Investco, the Opcos and the Beneficiary specifically acknowledge to the RCA Lender and Computershare and agree as follows:

- I. 3L Cattle hereby acknowledges and expressly agrees:
 - (a) that it is a signatory to the Opco Note and it is fully aware of the contents of the Opco Note and the obligations of Lemare Lake to Investco as the primary borrower and the sole recipient of the net proceeds of the Opco Loan;
 - (b) that at all times on and after the date hereof (the "**Effective Date**") to assume from Lemare Lake all liability and obligation for the due and punctual payment of the Opco Loan in the place and stead of Lemare Lake as primary borrower under the Opco Loan;

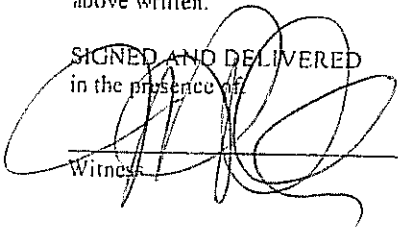
- (c) that so long as the Loan remains outstanding, 3L Cattle shall:
 - (i) maintain its corporate existence in good standing;
 - (ii) carry on and continuously conduct its business and maintain its assets in an efficient and viable manner so that at all times 3L Cattle is able to meet its obligations under the Opco Note.
- 2. Each of the Borrower, Investco, the Beneficiary and the Co-Obligors hereby expressly consent to the assumption by 3L Cattle of all liability for the Opco Loan as primary borrower in the place and stead of Lemare Lake.
- 3. Lemare Lake hereby acknowledges and expressly agrees that at all times from and after the Effective Date:
 - (a) that notwithstanding the assumption by 3L Cattle of all liability for the Opco Loan as primary borrower in the place and stead of Lemare Lake, Lemare Lake remains bound by all of the obligations, covenants and agreements to and in favour of Investco pursuant to the Opco Note as a co-obligor and that the Opco Note continues as and from the Effective Date to constitute a legal, valid and binding obligation of Lemare Lake enforceable against it in accordance with the terms thereof; and
 - (b) that so long as the Loan remains outstanding, Lemare Lake shall:
 - (i) maintain its corporate existence in good standing;
 - (ii) carry on and continuously conduct its business and maintain its assets in an efficient and viable manner so that at all times Lemare Lake is able to meet its obligations under the Opco Note.
- 4. Each of Lemare Lake and 3L Cattle hereby confirms as and from the Effective Date its obligations, covenants and agreements to and in favour of the RCA Lender and the Borrower pursuant to the Loan Agreement, Substitution Agreement and Acknowledgement, as applicable.
- 5. Each of the Borrower, Investco, Lemare Lake, 3L Cattle, the Co-Obligors and the Beneficiary shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with this Agreement, as the RCA Lender and/or Computershare may reasonably require from time to time for the purpose of giving effect to this Agreement, the Loan Agreement, the RCA Documents, the Investco Documents, the Opco Note, the Acknowledgement and the Substitution Agreement, all promptly upon the request of the RCA Lender and/or Computershare.
- 6. Each of the Borrower, Investco, Lemare Lake, 3L Cattle, the Co-Obligors and the Beneficiary acknowledge and agree that this Agreement shall not at any time, in any way, impair the rights of the RCA Lender or Computershare, as the case may be, to declare the transfer to and assumption of the liability for the Opco Loan as primary borrower by 3L Cattle and the reorganization of Lemare Lake, 3L Cattle and the Co-Obligors as an Event of Default (as such term is defined in the Loan Agreement) in the event that either the

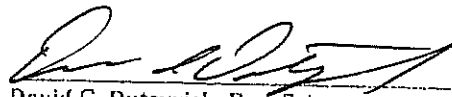
RCA Lender or Computershare, as the case may be, determine in its sole discretion, that such transfer and assumption and/or reorganization compromises its rights that otherwise exist if the transfer and assumption had not occurred.

- 7. This Agreement shall enure to the benefit of and be binding upon the undersigned and their respective successors and permitted assigns. Lemare Lake, 3L Cattle and the Co-Obligors shall not assign any of their respective rights or obligations under the Opco Note and this Agreement without the prior written consent of the RCA Lender and Computershare.
- 8. This Agreement shall be construed in accordance with the laws of the Province of British Columbia.
- 9. This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.


SIGNED AND DELIVERED
in the presence of


Witness


David C. Dutcyvich, Beneficiary

626309 Saskatchewan Ltd.

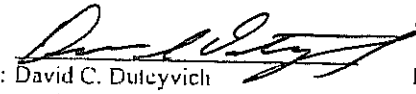
Lemare Holdings Ltd.


Per: 
Name: David C. Dutcyvich
Title: President

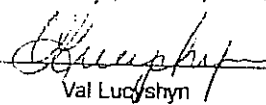
Per: _____
Name: Eric Dutcyvich
Title: President

3L Cattle Company Ltd.

Concentra Trust, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity

Per: 
Name: David C. Dutcyvich
Title: President

By: 
Name: Mardell Twamley
Title: Sr. Corp Trust Specialist

By: 
Name: Val Lucyshyn
Title: Corporate Trust Specialist

RCA Lender or Computershare, as the case may be, determine in its sole discretion, that such transfer and assumption and/or reorganization compromises its rights that otherwise exist if the transfer and assumption had not occurred.

- 7. This Agreement shall enure to the benefit of and be binding upon the undersigned and their respective successors and permitted assigns. Lemare Lake, 3L Cattle and the Co-Obligors shall not assign any of their respective rights or obligations under the Open Note and this Agreement without the prior written consent of the RCA Lender and Computershare.
- 8. This Agreement shall be construed in accordance with the laws of the Province of British Columbia.
- 9. This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED AND DELIVERED
in the presence of:

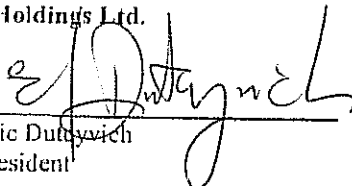
Witness

David C. Dutcyvich, Beneficiary

626309 Saskatchewan Ltd.

Lemare Holdings Ltd.

Per: _____
Name: David C. Dutcyvich
Title: President

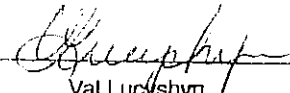
Per: 
Name: Eric Dutcyvich
Title: President

3L Cattle Company Ltd.

Concentra Trust, in its capacity as trustee of the David C. Dutcyvich RCA Trust and not in its personal capacity

Per: _____
Name: David C. Dutcyvich
Title: President

By: 
Name: Mardell Twamley
Title: Sr. Corp Trust Specialist

By: 
Name: Val Lucyshyn
Title: Corporate Trust Specialist

RCA Lender or Computershare, as the case may be, determine in its sole discretion, that such transfer and assumption and/or reorganization compromises its rights that otherwise exist if the transfer and assumption had not occurred.

- 7. This Agreement shall enure to the benefit of and be binding upon the undersigned and their respective successors and permitted assigns. Lemare Lake, 3L Cattle and the Co-Obligors shall not assign any of their respective rights or obligations under the Opco Note and this Agreement without the prior written consent of the RCA Lender and Computershare.
- 8. This Agreement shall be construed in accordance with the laws of the Province of British Columbia.
- 9. This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED AND DELIVERED
in the presence of:

Witness

David C. Dutcyvich, Beneficiary

626309 Saskatchewan Ltd.

Lemare Holdings Ltd.

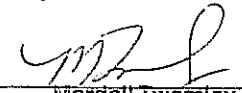
Per: _____
Name: David C. Dutcyvich
Title: President

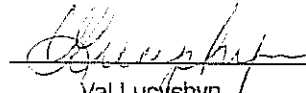
Per: _____
Name: Eric Dutcyvich
Title: President

3L Cattle Company Ltd.

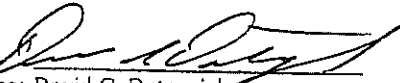
Concentra Trust, in its capacity as trustee of the
David C. Dutcyvich RCA Trust and not in its personal
capacity

Per: _____
Name: David C. Dutcyvich
Title: President

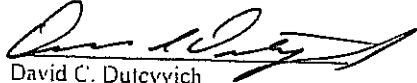
By: 
Name: Wardell Twamley
Title: Sr. Corp Trust Specialist

By: 
Name: Val Lucyshyn
Title: Corporate Trust Specialist

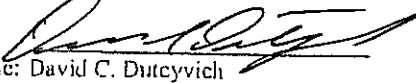
621745 Saskatchewan Ltd.

Per: 
Name: David C. Dutcyvich
Title: President


D.C. & E. Consulting Ltd.

Per: 
Name: David C. Dutcyvich
Title: President

466620 B.C. Ltd.

Per: 
Name: David C. Dutcyvich
Title: President

3L Developments Inc.

Per: 
Name: David C. Dutcyvich
Title: President

Dominion Log Sort Ltd.

Per: _____
Name: Eric Dutcyvich
Title: President

Coast Dryland Services Ltd.

Per: _____
Name: Eric Dutcyvich
Title: President

C. & E. Roadbuilders Ltd.

Per: _____
Name: Chris Dutcyvich
Title: President

Lone Tree Logging Ltd

Per: _____
Name: Eric Dutcyvich
Title: President

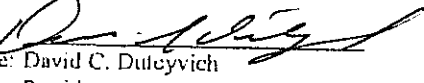
Central Coast Industries Ltd.

Per: _____
Name: Eric Dutcyvich
Title: President

Lemare Lake Logging Ltd.

Per: _____
Name: Eric Dutcyvich
Title: President

0900402 BC Ltd.

Per: 
Name: David C. Dutcyvich
Title: President

621745 Saskatchewan Ltd.

Per: _____
Name: David C. Duteyvich
Title: President

466620 B.C. Ltd.

Per: _____
Name: David C. Duteyvich
Title: President

Dominion Log Sort Ltd.

Per: Eric Duteyvich
Name: Eric Duteyvich
Title: President

C. & E. Roadbuilders Ltd.

Per: Chris Duteyvich
Name: Chris Duteyvich
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Central Coast Industries Ltd.

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Title: President

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Title: President

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Title: President

Coast Dryland Services Ltd.

Per: Eric Duteyvich
Name: Eric Duteyvich
Title: President

Lone Tree Logging Ltd.

Per: Eric Duteyvich
Name: Eric Duteyvich
Title: President


Lemare Lake Logging Ltd.

Per: Eric Duteyvich
Name: Eric Duteyvich
Title: President

Each of the RCA Lender and Computershare hereby acknowledges, consents to and accepts the reorganization of Lemare Lake, 3L Cattle and the Co-Obligors and the transfer to and assumption by 3L Cattle of the obligations of Lemare Lake under the Opco Note as primary borrower provided that such acknowledgement, consent and acceptance shall not at any time, in any way, impair the rights of the RCA Lender or Computershare, as the case may be, to declare the reorganization of Lemare Lake, 3L Cattle and the Co-Obligors and/or the transfer to and assumption of the obligations of Lemare Lake as primary borrower under the Opco Note by 3L Cattle as an Event of Default (as such term is defined in the Loan Agreement) in the event that either the RCA Lender or Computershare, as the case may be, determine in its sole discretion, that such transfer and assumption compromises its rights that otherwise exist if the transfer and assumption had not occurred.

Dated the day and year first above written.

Concentra Financial Services Association

By: 
Name: **Glen Ferguson**
Title: **Associate Vice President**

By: 
Name: **Tim Owens**
Title: **International Services Manager**

Computershare Trust Company of Canada, in its capacity as trustee of Constellation Certificate Trust (Targeted) Series 2008-1, by its agent, Tao Admin Corp., without personal liability

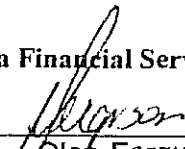
By: _____
Name: _____
Title: _____


By: _____
Name: _____
Title: _____

Each of the RCA Lender and Computershare hereby acknowledges, consents to and accepts the reorganization of Lemare Lake, 3L Cattle and the Co-Obligors and the transfer to and assumption by 3L Cattle of the obligations of Lemare Lake under the Opco Note as primary borrower provided that such acknowledgement, consent and acceptance shall not at any time, in any way, impair the rights of the RCA Lender or Computershare, as the case may be, to declare the reorganization of Lemare Lake, 3L Cattle and the Co-Obligors and/or the transfer to and assumption of the obligations of Lemare Lake as primary borrower under the Opco Note by 3L Cattle as an Event of Default (as such term is defined in the Loan Agreement) in the event that either the RCA Lender or Computershare, as the case may be, determine in its sole discretion, that such transfer and assumption compromises its rights that otherwise exist if the transfer and assumption had not occurred.

Dated the day and year first above written.

Concentra Financial Services Association

By: 
Name: Glen Ferguson
Title: *Associate Vice President*

By: 
Name: Tim Owens
Title: *International Services Manager*

Computershare Trust Company of Canada, in its capacity as trustee of Constellation Certificate Trust (Targeted) Series 2008-1, by its agent, Tao Admin Corp., without personal liability

By: 
Name: CHRIS POCOCK
Title: AUTHORIZED SIGNATORY

By: 
Name: JOHN ABRAHAM
Title: AUTHORIZED SIGNATORY