

**DEBENTURE PLEDGE AGREEMENT**

This is Exhibit " HH " referred to in the

Affidavit of Keith McMahon

SWORN before me this 21st day

THIS AGREEMENT is made the 10<sup>th</sup> day of February, 2010, of February, A.D. 20 12

BY:

**ARCTIC GLACIER INC.**

(the "Corporation")

~~A Commissioner for Oaths / Notary Public  
in and for the Province of Manitoba~~

~~My Commission expires:~~

IN FAVOUR OF:

**CPPIB CREDIT INVESTMENTS INC.**, as Administrative Agent, for and on behalf of itself and the Lenders (as defined below) pursuant to the Subordinated Facility Loan Agreement (as defined below)

(the "Administrative Agent")

**WHEREAS** pursuant to a loan agreement dated as of February 10<sup>th</sup>, 2010 (as the same may be amended, modified, supplemented or restated from time to time, the "**Subordinated Facility Loan Agreement**") by and among the Corporation and Arctic Glacier International Inc., as Borrowers, Arctic Glacier Income Fund and certain direct or indirect subsidiaries of the Borrowers, as Guarantors, the Administrative Agent, and CPPIB Credit Investments Inc., West Face Long Term Opportunities Limited Partnership, West Face Long Term Opportunities (USA) Limited Partnership and West Face Long Term Opportunities Master Fund L.P., and such other lenders from time to time party thereto (the "**Lenders**");

**AND WHEREAS**, pursuant to the Subordinated Facility Loan Agreement, the Corporation is or will become indebted, liable and obligated to the Lenders and the Administrative Agent;

**AND WHEREAS** the Arctic Group Inc. (a predecessor of the Corporation) has executed a trust deed dated as of August 17, 1999, as supplemented, amended, restated or replaced to the date hereof, as may be further supplemented, amended, replaced or restated from time to time (together with any additional security relating thereto, collectively referred to herein as the "**Arctic Trust Deed**"), in favour of Computershare Trust Company of Canada (as successor to Montreal Trust Company), as Trustee (the "**Trustee**");

**AND WHEREAS** the Corporation has become party to, and assumed and undertaken all of the liabilities, obligations and duties of the "Corporation" (as defined therein) under, several Trust Deeds each with Computershare Trust Company of Canada (as successor to Montreal Trust Company), as Trustee, dated as of August 17, 1999 and made separately with each of Cataract Ice Limited, 3149030 Canada Ltd., Martin Dorfman Holdings Ltd., 1179554 Ontario Inc. and 1334202 Ontario Inc., each as supplemented, amended, restated or replaced to the date hereof, as each may be further supplemented, amended, replaced or restated from time to time (together with any additional security relating thereto, collectively with the Arctic Trust Deed, the "**Trust Deeds**" and each, a "**Trust Deed**"), each in favour of the Trustee;

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**AND WHEREAS** a 25% Secured Debenture Series B of the Corporation in the principal amount of THREE HUNDRED AND FIFTY MILLION DOLLARS (\$350,000,000) in lawful currency of Canada dated as of February 10<sup>th</sup>, 2010 payable on demand and in fully registered form in the name of the Administrative Agent was issued under and secured by each of the Trust Deeds (collectively, the “**Series B Debentures**” and each, a “**Series B Debenture**”), as general and continuing collateral security for the due, prompt and complete payment, performance and satisfaction of all of the Obligations (as defined below);

**AND WHEREAS** the Corporation has agreed to execute and deliver this Agreement to and in favour of the Administrative Agent as general and continuing collateral security for the due, prompt and complete payment, performance and satisfaction of all of the Obligations;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the foregoing and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Corporation hereby covenants and agrees as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Defined Terms.**

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

### **1.2 Interpretation.**

This Agreement shall be interpreted in accordance with the following:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) 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;
- (c) the word “including” shall mean “including without limitation” and “includes” shall mean “includes without limitation”;
- (d) unless otherwise provided, references to the “Administrative Agent” are to the Administrative Agent in its capacity as administrative agent for the Lenders under the Subordinated Facility Loan Agreement;
- (e) unless otherwise provided, references to Lenders include the Lenders in their capacity as Lenders under the Subordinated Facility Loan Agreement;

- (f) unless otherwise provided, references to "Loan Documents" include the Loan Documents as defined under the Subordinated Facility Loan Agreement.

**1.3 Severability.**

If any provision of this Agreement is, or becomes, illegal, invalid or unenforceable, such provision shall be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability. The remaining provisions hereof shall be unaffected by such provision and shall continue to be valid and enforceable.

**1.4 Governing Law.**

This Agreement shall be governed by, and interpreted in accordance with, the Laws of the Province of Manitoba and the Laws of Canada applicable therein, without giving effect to any conflicts of law rules thereof. The Corporation hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of Manitoba with respect to any matter arising under or relating to this Agreement.

**ARTICLE 2  
PLEDGE OF SERIES B DEBENTURES**

**2.1 Pledge of Series B Debentures.**

The Corporation hereby assigns, mortgages, charges, hypothecates and pledges to and in favour of, and deposits with, the Administrative Agent, and grants to the Administrative Agent a security interest in, each of the Series B Debentures as each such Series B Debenture may be amended, supplemented, replaced or restated from time to time, as well as interest thereon and proceeds thereof, to be held by the Administrative Agent in accordance with the provisions hereof as general and continuing collateral security for the due, prompt and complete payment, performance and satisfaction of all of the Obligations.

**2.2 Obligations Secured.**

- (a) The assignments, mortgages, charges, hypothecations and pledges granted by this Agreement (the "**Pledge**") shall be general and continuing collateral security for the due, prompt and complete payment, performance and satisfaction by the Corporation of the Obligations (as defined in the Subordinated Facility Loan Agreement), including all obligations, indebtedness and liabilities of the Corporation under and pursuant to the Subordinated Facility Loan Agreement and the Loan Documents to which the Corporation is a party, as the same may be amended, supplemented, replaced or restated from time to time, and all substitutions, extensions and renewals thereof, and whether present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time due or accruing due, wheresoever and howsoever incurred prior to, at the time of or subsequent to the execution hereof, and whether incurred by the Corporation alone or with another or others and whether as principal or surety (collectively,

and together with all expenses, costs and charges set out in Section 2.2(b), the "Obligations").

- (b) All expenses, costs and charges reasonably incurred by or on behalf of the Administrative Agent and/or the Lenders in connection with this Agreement, the Pledge, the enforcement of the Pledge, the Series B Debentures or the realization of any of the Series B Debentures, including, without limitation, all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of enforcing the Pledge or realizing on any of the Series B Debentures, shall be added to and form a part of the Obligations.

### **ARTICLE 3 DEFAULT AND ENFORCEMENT**

#### **3.1        Default.**

The Pledge shall be and become immediately enforceable against the Corporation upon the occurrence of an Event of Default. Whenever the Pledge has become enforceable, the Obligations shall immediately become due and payable by the Corporation to the Administrative Agent and the security constituted by each of the Trust Deeds shall become immediately enforceable without the necessity of any further act or formality.

#### **3.2        Realization Upon Default.**

Whenever the Pledge has become enforceable, the Administrative Agent may, but for greater certainty, is not obliged to, at any time realize upon or otherwise dispose of any of the Series B Debentures by sale, transfer or delivery or exercise or otherwise deal with any of the Series B Debentures in such manner as the Administrative Agent sees fit, without notice to, or control by, the Corporation or any other formality, all of which are hereby waived by the Corporation, (except as may be required by applicable law).

#### **3.3        Application of Proceeds.**

Subject to compliance with the Intercreditor Agreement, all proceeds of the Series B Debentures may be applied by the Administrative Agent on account of such part of the Obligations as the Administrative Agent may choose in accordance with the provisions of the Obligations, without prejudice to any claim on the Corporation for any deficiency.

#### **3.4        Satisfaction of Obligations.**

Payment of the Obligations from time to time shall be deemed to be payment of the principal and interest from time to time due under the Series B Debentures and notwithstanding the terms of the Series B Debentures relating to interest, so long as interest and other similar charges are paid by the Corporation in accordance with the Subordinated Facility Loan Agreement and the other Loan Documents, no additional interest shall be payable by the Corporation under the Series B Debentures.

**3.5      Dealing with the Series B Debentures.**

- (a) Notwithstanding that each Series B Debenture is held by the Administrative Agent as pledgee, the Corporation acknowledges that the Administrative Agent is the holder and absolute owner of each Series B Debenture and shall have and be entitled to exercise all its rights, remedies, powers, privileges, security and recourses as the holder and absolute owner of each Series B Debenture under the corresponding Trust Deed, and that the Trustee under each of the Trust Deeds shall act on the instructions and directions of the Administrative Agent as holder and absolute owner of each Series B Debenture on the basis set forth in the corresponding Trust Deed.
- (b) The Administrative Agent shall not be obliged to exhaust its recourse against the Corporation or any other person or persons or against any other security the Administrative Agent may hold in respect of the Obligations before realizing upon or otherwise dealing with any of the Series B Debentures in such manner as the Administrative Agent may consider desirable.
- (c) The Administrative Agent may grant time, extensions or other indulgences, take and give up securities, accept compositions, grant renewals, releases and discharges and otherwise deal with the Corporation and with other parties, sureties or securities as the Administrative Agent may see fit without prejudice to the Obligations or the rights of the Administrative Agent in respect of any of the Series B Debentures, including without limitation, the rights of the Administrative Agent to retain and realize upon the Series B Debentures.
- (d) The Administrative Agent shall not be: (i) liable or accountable for any failure to collect, realize or obtain payment in respect of any of the Series B Debentures; (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of any of the Series B Debentures or for the purpose of preserving any rights of the Administrative Agent, the Corporation or any other parties in respect thereof; (iii) responsible for any loss occasioned by any sale or other dealing with any of the Series B Debentures or by the retention of or failure to sell or otherwise deal therewith; or (iv) bound to protect any of the Series B Debentures from depreciating in value or becoming worthless.

**ARTICLE 4  
MISCELLANEOUS**

**4.1      Notices.**

Any and all demands, notices or other communications to be made or given pursuant to this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable addresses or facsimile numbers, as the case may be, set opposite the party's name in Schedule A or at or to such other address or addresses or facsimile number or numbers as any

such party may from time to time designate to such other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

**4.2            Discharge.**

The Pledge shall be released and discharged upon the termination of the commitments of the Lenders under the Subordinated Facility Loan Agreement and the full and complete payment, performance and satisfaction of all of the Obligations and at the request and sole cost and expense of the Corporation. The Administrative Agent shall execute and deliver to the Corporation such releases, discharges, resolutions or other documents and take such actions as the Corporation may reasonably require to effect the intention of this Section 4.2.

**4.3            Waiver.**

No failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right or remedy under this Agreement shall operate as a waiver of such right or remedy; nor shall any single or partial exercise of any right or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other rights or remedies; nor shall any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No waiver of any of the provisions of this Agreement shall be effective unless it is in writing duly executed by the waiving party or parties, and then such waiver shall be effective only in the specific instance and for the specific purpose for which it is given.

**4.4            Non-Merger.**

None of the Series B Debentures shall operate by way of merger of any of the Obligations and no judgment recovered by the Administrative Agent shall operate by way of merger of or in any way affect the security of the Series B Debentures which is in addition to and not in substitution for any other security now or hereafter held by the Administrative Agent in respect of the Obligations.

**4.5            Assignments and Participations.**

The Obligations may be sold, assigned, transferred or otherwise disposed of in accordance with the terms of the Subordinated Facility Loan Agreement by any of the Administrative Agent and the Lenders and, in such event, each and every immediate and successive assignee, transferee or holder of all or any of the Obligations shall have, in respect of the Obligations sold, assigned, transferred or otherwise disposed of, the full benefit hereof to the same extent as if it were an original party to the Obligations or the part thereof so sold, assigned,

transferred or otherwise disposed of, without regard to any set-off, counterclaim or equities between any of the Borrowers, the Guarantors and the Corporation, and the Administrative Agent. None of the rights or obligations hereunder of the Corporation may be assigned.

**4.6        Enurement.**

This Agreement shall enure to the benefit of the Administrative Agent and its respective successors and assigns and be binding upon the Corporation and its successors and permitted assigns.

**4.7        Conflicts.**

Notwithstanding any provision of any of the Series B Debentures, interest thereunder shall accrue and be payable in accordance with the terms of the Obligations and the principal thereof shall represent a liability of the Corporation only to the extent of the Obligations. To the extent of any conflict or inconsistency between the terms of this Agreement and any of the Series B Debentures or the Trust Deeds, this Agreement shall prevail. Notwithstanding the foregoing, if there exists any right or remedy of (i) the Administrative Agent set out in any of the Series B Debentures, or (ii) a holder of Series B Debenture(s) under any of the Trust Deeds, which is not set out or provided for herein, such additional right or remedy shall not constitute a conflict or inconsistency. To the extent of any conflict or inconsistency between the terms of this Agreement and the Subordinated Facility Loan Agreement, the Subordinated Facility Loan Agreement shall prevail. Notwithstanding the foregoing, if there exists any right or remedy of the Administrative Agent set out in this Agreement which is not set out or provided for in the Subordinated Facility Loan Agreement, such additional right or remedy shall not constitute a conflict or inconsistency.

**4.8        Time of the Essence.**

Time shall be of the essence of this Agreement.

**4.9        Further Assurances.**

The Corporation shall from time to time, whether before or after the Administrative Agent shall become entitled to realize upon or otherwise dispose of any of the Series B Debentures, at the sole cost and expense of the Corporation, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Administrative Agent may reasonably require for perfecting the security constituted by each of the Series B Debentures or exercising all powers, authorities and discretions hereby conferred upon the Administrative Agent, and the Corporation shall from time to time after the Administrative Agent shall have become entitled to realize upon or otherwise dispose of any of the Series B Debentures, at the sole cost and expense of the Corporation, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Administrative Agent may require for facilitating the sale of any of the Series B Debentures in connection with any realization thereof.

**4.10      Amendment.**

This Agreement may be amended only by written agreement of the Corporation and the Administrative Agent.

**4.11      Copy Received.**

The Corporation acknowledges receipt of a copy of this Agreement.

**[Remainder of page intentionally blank.]**



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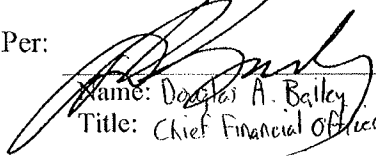
**IN WITNESS WHEREOF** the Corporation has executed this Agreement on the date first above written.

**ARCTIC GLACIER INC.**

Per: \_\_\_\_\_

  
Name: Keith W. McMahon  
Title: President and Chief Executive Officer

Per: \_\_\_\_\_

  
Name: Douglas A. Bailey  
Title: Chief Financial Officer

**SCHEDULE "A"**  
**ADDRESSES FOR NOTICE**

**(a) ADMINISTRATIVE AGENT**

To: CPPIB Credit Investments Inc.  
One Queen Street East  
Suite 2600  
Toronto, ON  
M5C 2W5

Attention: ●  
Fax No.: (416) 874-5329

**(b) CORPORATION**

To: Arctic Glacier Inc.  
625 Henry Avenue  
Winnipeg, Manitoba  
R3A 0V1

Attention: Chief Financial Officer  
Fax No.: 204-783-9857