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This is Exhibit M referred to in the affidavit of
MARK KATZ sworn (or affirmed)
before me on [dd/mm/yyyy]

SHARE PLEDGE AGREEMENT

A Commissioner for taking Affidavits
within British Columbia

Ontario

THIS AGREEMENT is made this 24th day of January, 2007.

BETWEEN:

0780293 B.C. LTD.

C/O 1200 – 200 Burrard Street, Vancouver, B.C. V7X 1T2

(hereinafter called the "Pledgor")

- and -

1397225 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Lender")

RECITALS:

- A. 682202 B.C. LTD., as borrower (the "Borrower"), entered into a commitment letter (the "Commitment Letter") with Carlisle Capital Structures Corporation ("Carlisle") dated October 24, 2006, as assigned by Carlisle to the Lender by an assignment dated January 17, 2007 (as may be amended, supplemented, restated, extended, renewed or replaced from time to time) with respect to a loan in the sum of \$25,360,000.00.
- B. The Pledgor is the registered and beneficial owner of those shares in the capital of the corporation listed on Schedule "A" hereto (the "Corporation").
- C. As additional security for the fulfillment of all of the Borrower's obligations under and pursuant to the Commitment Letter and the Security Documents (and as such security may be amended, supplemented, restated, extended, renewed or replaced from time to time) the Pledgor has agreed to grant a security interest in and pledge and assign the shares of the Corporation currently held by it or hereafter acquired by it in favour of the Lender.

THEREFORE, the parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement (including without limitation, the recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used and not

otherwise defined shall have the meanings ascribed to them in the Commitment Letter, and the following terms shall have the following meanings:

- (a) **"Deficiency"** shall have the meaning set forth in Section 5.1(e) hereof;
- (b) **"Event of Default"** shall have the meaning ascribed thereto in the Mortgage;
- (c) **"PPSA"** means the *Personal Property Security Act* (British Columbia) as amended, supplemented, restated and superseded, in whole or in part, from time to time;
- (d) **"Pledged Shares"** means all the shares in the capital of the Corporation now held and hereafter acquired from time to time by the Pledgor as set out on Schedule "A", as it may be amended from time to time, and any substitutions therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the Corporation or any other event and any shares acquired pursuant to the exercise of a right or offer granted or made by the Pledgor to the extent that any such right or offer arises out of the ownership of any shares in the capital of the Corporation together with any dividends or other moneys now or hereafter received or declared in respect of the Pledged Shares and all other rights and claims of the Pledgor in respect of the Pledged Shares;
- (e) **"Person"** or **"person"** means an individual, partnership, corporation, trust or unincorporated organization and includes a government or agency or political subdivision thereof; and
- (f) **"Obligations"** means any and all obligations, liabilities and indebtedness of every kind, nature and description owing by the Borrower to the Lender and any of its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under any of the Security Documents or otherwise whether now existing or hereafter arising.

1.2 Interpretation Not Affected By Headings, Etc.

Grammatical variations of any terms defined herein have similar meanings; words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders. The division of this Agreement into separate Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings and marginal notes and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 PLEDGE

2.1 Pledge

As continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Pledgor hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of the Lender. The Pledgor hereby delivers to the Lender the share certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to the Lender) to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell the Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement. If the Pledgor acquires any certificates evidencing the Pledged Shares after the date hereof, the Pledgor shall, forthwith upon receipt of such certificates, deliver such certificates to the Lender, its agent or nominee, together with all appropriate transfer and other documents to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement.

2.2 Attachment and Value

The Pledgor acknowledges and agrees that: (a) value has been given; (b) the security interests created hereby attach to the Pledged Shares immediately upon execution and delivery of this Agreement to the Lender, and the Lender and the Pledgor have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by the Pledgor; and (c) to the extent that the Pledgor does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time the Pledgor acquires rights or interests therein.

ARTICLE 3 PROVISIONS RELATING TO THE PLEDGED SHARES

3.1 Voting Rights

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, provided, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be prejudicial to the interest of the Lender, impair or reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of any of the Security Documents or any other agreement relating hereto or thereto, including, without limitation: (i) give any proxies to vote the Pledged Shares; or (ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares.

- (b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of the Lender, its agent or nominee, the Lender, on the written request of the Pledgor, shall execute and deliver or cause its agent or nominee to execute and deliver to the Pledgor suitable proxies or voting powers or powers of attorney in favour of the Pledgor or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action the Pledgor is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

3.2 Dividends and Distributions

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to receive and deal with (except as restricted by any of the Security Documents) any and all dividends, interest and other distributions or like payments (whether in cash, security (as such term is defined in the PPSA) or other property) at any time payable on or with respect to the Pledged Shares, and the Lender shall forthwith deliver to the Pledgor any such dividends, interest, distributions or other like payments received by it.
- (b) During the continuance of an Event of Default, all rights of the Pledgor to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares shall cease, and all such rights shall become vested for such period in the Lender which shall thereupon during such period have the sole right to receive such amounts. The Lender, shall, to the extent permitted by applicable law, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

3.3 Rights and Duties of the Lender

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of the Pledgor pursuant to Sections 3.1 and 3.2 shall cease and the Lender may enforce and exercise any and all of the rights of the Pledgor with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. The Lender and its nominee shall not have any duty of care whatsoever with respect to the Pledged Shares and may take no steps to defend or preserve the rights of the Pledgor therein against the claims or demands of others.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Pledgor hereby represents and warrants to the Lender as follows and acknowledges that the Lender is relying on such representations and warranties in advancing or continuing to advance credit to the Borrower pursuant to the Commitment Letter:

- (a) it is the registered and beneficial owner of, and has good title to, the Pledged Shares subject only to the security interests created by this Agreement;
- (b) the Pledged Shares constitute all of the capital stock of the Corporation that the Pledgor owns;
- (c) the Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares;
- (d) it has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to the Lender the security interests created by this Agreement;
- (e) this Agreement has been duly executed and delivered by it and constitutes an enforceable obligation against the Pledgor in accordance with its terms;
- (f) it has not granted any right to acquire an interest in any of the Pledged Shares except as set forth in this Agreement;
- (g) it has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement;
- (h) none of the rights of the Pledgor arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement; and
- (i) there is no default or dispute existing in respect of the Pledged Shares.

4.2 Covenants

The Pledgor covenants and agrees with the Lender the following:

- (a) if the Pledgor shall become entitled to receive or shall receive any share certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Lender,

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hold the same in trust for the Lender and deliver the same forthwith to the Lender (or to an agent or nominee, as the Lender may direct) in the exact form received, together with the appropriate transfer and other documents to enable the Lender or its nominee to be registered as owner thereof, to be held by the Lender hereunder as additional security for the Obligations. During the continuance of an Event of Default, any sums paid upon or in respect of the Pledged Shares upon the liquidation or dissolution of the Corporation, shall be paid over to the Lender to be held by it as part of the Pledged Shares and in case any distribution of capital shall be made on or in respect of the Pledged Shares or any property shall be distributed upon or with respect to the Pledged Shares pursuant to the recapitalization or reclassification of the capital of the Corporation or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Lender to be held by it, subject to the terms hereof as part of the Pledged Shares. During the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Pledged Shares shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Lender, hold such money or property in trust for the Lender segregated from other funds of the Pledgor, as part of the Pledged Shares;

- (b) the Pledgor shall not permit any issuance of additional shares in the capital of the Corporation unless all such additional shares are pledged in favour of the Lender hereunder forthwith upon their issuance; and
- (c) the Pledgor shall defend the Lender's right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whosoever and the Pledgor will have good title to any other shares or assets that become Pledged Shares hereunder.

ARTICLE 5 DEFAULT AND REMEDIES

5.1 Remedies

Upon the occurrence and during the continuance of an Event of Default, the security interests created hereby shall immediately become enforceable and the Lender may, forthwith or at any time thereafter, except in the event such Event of Default shall have been cured prior to any action by the Lender or except as provided by applicable law or this Agreement, take any one or more of the following actions:

- (a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving an option or options to purchase or contract to sell) upon such terms and conditions as the Lender, considers to be desirable and the Lender may apply and allocate any proceeds arising from the realization of the Pledged Shares to the Obligations in such manner as the Lender, in its absolute discretion, shall deem appropriate;

- (b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to the Pledgor and by complying with all applicable laws governing the exercise of this right;
- (c) exercise any or all of the rights and privileges attaching to the Pledged Shares and to deal with the Pledged Shares as if the Lender was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of the Lender or its nominee) and to collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;
- (d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Pledgor;
- (e) commence legal action against the Pledgor for the difference, if any, between: (i) all amounts owing by the Pledgor in respect of the Obligations; and (ii) the proceeds received by the Lender on a disposition of the Pledged Shares (hereinafter referred to as the "Deficiency");
- (f) in the name of the Pledgor perform, at the Pledgor's expense any and all obligations or covenants of the Pledgor relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be deemed necessary or desirable, in the discretion of the Lender, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as the Lender, in its discretion, considers to be desirable;
- (g) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in Subsections 5.1(c), (d), (f) and (h) hereof and to take possession of and collect dividends, interest, distributions and other like payments payable to the Pledgor in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or
- (h) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

5.2 Sale of Pledged Shares

Any sale referred to in Subsection 5.1(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Any sale pursuant to this Section 5.2 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as the Lender, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Lender may sell

the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Pledged Shares and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Pledgor and all those claiming an interest by, from, through or under the Pledgor. In the event of any sale pursuant to this Section 5.2, the Pledgor hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

5.3 Expenses

The Pledgor shall pay to the Lender all reasonable out-of-pocket costs and expenses (including legal fees) incurred in connection with the preparation, execution and delivery of this Agreement upon the execution hereof and the reasonable costs and expenses of the Lender incurred in exercising its rights hereunder shall form part of the Obligations and shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date of demand or, if the Lender has taken steps to exercise its rights under Section 5.1, from and including the date upon which the cost or expense is incurred at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.4 Deficiency

Where the Pledged Shares have been disposed of by the Lender as provided herein, the Deficiency shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date upon which the Deficiency arises at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of the Deficiency together with such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.5 Obligations of the Lender

The Lender shall not be under any obligation, or be liable or accountable for any failure, to enforce payment of performance of the Obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, the Pledgor or any other person in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. The Lender shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to

sell or otherwise deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of wilful misconduct or gross negligence.

5.6 Redemption of Pledged Shares

At any time before the Lender has disposed of the Pledged Shares as provided for herein or before it has elected to retain all or part of the Pledged Shares irrevocably, the Pledgor may redeem the Pledged Shares by tendering payment of the aggregate amount of the outstanding Obligations at such time.

5.7 Rights and Remedies Cumulative

The rights and remedies given to the Lender hereunder shall be cumulative of and not in substitution for any rights or remedies to which the Lender may be entitled under any of the Security Documents or any other security provided to the Lender or which may be available at law or in equity and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights or remedies.

ARTICLE 6 ACKNOWLEDGEMENTS BY THE PLEDGOR

6.1 Acknowledgements

The Pledgor hereby:

- (a) acknowledges receipt of a copy of this Agreement;
- (b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured or any part thereof shall be advanced before, upon or after the date of execution of this Agreement;
- (c) acknowledges and agrees that this Agreement and the rights and obligations of the Lender contained in any of the Security Documents may be assigned in whole or in part in accordance with the Commitment Letter and, in the event of any assignment, the assignee(s) shall be entitled to all the rights and remedies, and subject to the obligations, of the Lender set forth in this Agreement; and
- (d) agrees not to assert against the Lender or any assignee thereof, and acknowledges that the rights of the Lender or any such assignee shall not be subject to, any claim, defense, demand, set-off or other right, whether at law or in equity, that the Pledgor has or may have against the Lender or any such assignee under any agreement or instrument other than the Security Documents.

ARTICLE 7 WAIVER

7.1 Waiver by the Lender

The Lender may in its sole discretion, at any time by written notice delivered to the Pledgor, waive in whole or in part any breach of this Agreement, any Event of Default or any rights and remedies hereunder or otherwise and may grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Pledgor in respect of the collateral or otherwise deal with the Pledgor or with the Pledged Shares and any security held by the Lender as it may see fit without prejudice to the liability of the Pledgors' rights hereunder. The Pledgor hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by the Lender to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair the Lender's security interest or the rights and remedies of the Lender hereunder or otherwise.

7.2 Waivers in Writing

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by the Lender, except by express written waiver signed by the Lender, all such waivers to extend only to the particular circumstances therein specified.

ARTICLE 8 EFFECTIVE DATE AND TERMINATION

8.1 Effective Date

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by the Pledgor to the Lender, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 8.2.

8.2 Termination

This Agreement may be terminated by written agreement made between the Pledgor and the Lender at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations of the Lender under the Security Documents or otherwise have been terminated or cancelled and the Pledgor is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of the Security Documents or other document, as applicable.

ARTICLE 9 POWER OF ATTORNEY

9.1 Power of Attorney

The Pledgor hereby irrevocably constitutes and appoints the Lender and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of the Pledgor with power of substitution in the name of the Pledgor to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Lender, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including, without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of the Lender or to any person who acquires the same pursuant to the provisions of Section 5.1; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principal, interest or other payments in respect of the Pledged Shares; provided that such power of attorney shall not be exercised until an Event of Default has occurred and so long as the same is continuing. The Pledgor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 9.1. This power of attorney being coupled with an interest shall not be revoked or terminated by any act or thing and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 10 NOTICE

10.1 Notice

Any notice or other communication which may be or is required to be given or made pursuant to this Agreement shall be deemed to have been sufficiently and effectively given if signed by or on behalf of the party giving notice and personally delivered, mailed by prepaid registered mail or sent by facsimile machine to the party for which it is intended at its address as follows:

- (a) if to the Pledgor, at:
102-330 Highway 33 West (Box 2189, V1X 4K6)
Kelowna, BC V1X 1X9

Facsimile No.: (250) 807-2237
 Attention: Dennis Bigham

- (b) if to the Lender, at:
 1210 Sheppard Avenue East
 Suite 710
 Toronto, Ontario, M2K 1E3

Facsimile No.: 416.499.9917
 Attention: Rod Dougherty

Any notice or communication which may or is required to be given or made shall be made or given as herein provided or to such other address or facsimile number or in care of such other person as a party may from time to time advise to the other party hereto by notice in writing as aforesaid and any such notice shall not be deemed to be received until actual receipt thereof by the party to whom such notice is personally delivered or, if sent by facsimile machine shall be deemed to be received on the Business Day next following the date of transmission or, if sent by mail as aforesaid, shall be deemed to be received on the second Business Day following the date of such mailing.

ARTICLE 11. MISCELLANEOUS

11.1 Further Assurances

The Pledgor will, from time to time at the request of the Lender, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Lender shall request by notice in writing given to the Pledgor in order to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable the Lender to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by the Lender and the Pledgor. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into, this Agreement or any secured property, other than as expressed in this Agreement in writing.

11.3 Security Interests Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Lender to make any advance or loan or further advance, or bind the Lender to grant or extend any credit to the Pledgor or the Borrower, but the security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by the Pledgor.

11.4 Filings

The Pledgor authorizes the Lender to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Pledgor as it may deem necessary or appropriate to perfect or secure the security interest created hereunder.

11.5 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

11.6 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 and shall be treated in all respects as a British Columbia contract.

11.7 Severability

If any covenant, obligation or agreement of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

11.8 Time of Essence

Time shall be of the essence of this Agreement.

11.9 Paramountcy of the Commitment Letter

This Agreement is entered into in connection with the Commitment Letter and is subject to the terms thereof. In the event of any inconsistency between, and/or conflict with, the terms of this Agreement and the terms of the Commitment Letter, the provisions of the Commitment Letter shall prevail and the rights and obligations hereunder shall be construed in accordance with the provisions of the Commitment Letter.

11.10 Enurement

This Agreement and everything herein contained shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

11.11 Counterparts and Facsimile

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement.

IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.

0780293 B.C. LTD.

By: _____

Name: DEVILS BIGHAM

Title: PRESIDENT

By: _____

Name: _____

Title: _____

I/We have the authority to bind the Corporation

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: _____

Name: _____

Title: _____

I have the authority to bind the Corporation.

11.11 Counterparts and Facsimile

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IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.

398810 B.C. LTD.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

I/We have the authority to bind the Corporation

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: _____

Name: M. CHAPLIN

Title: TREASURER

I have the authority to bind the Corporation.

SCHEDULE "A"

CORPORATION	NUMBER AND CLASS OF SHARES
682202 B.C. LTD.	500 Common shares
	500 Preferred shares

SHARE PLEDGE AGREEMENT

THIS AGREEMENT is made this 19 day of JANUARY, 2007.

BETWEEN:

COLTER INVESTMENTS LIMITED PARTNERSHIP
C/O 1200 – 200 Burrard Street, Vancouver, B.C. V7X 1T2

(hereinafter called the "Pledgor")

- and -

1397225 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Lender")

RECITALS:

- A. 682202 B.C. LTD., as borrower (the "**Borrower**"), entered into a commitment letter (the "Commitment Letter") with Carlisle Capital Structures Corporation ("**Carlisle**") dated October 24, 2006, as assigned by Carlisle to the Lender by an assignment dated JAN. 19, 2007 (as may be amended, supplemented, restated, extended, renewed or replaced from time to time) with respect to a loan in the sum of \$25,360,000.00.
- B. The Pledgor is the registered and beneficial owner of those shares in the capital of the corporation listed on Schedule "A" hereto (the "**Corporation**").
- C. As additional security for the fulfillment of all of the Borrower's obligations under and pursuant to the Commitment Letter and the Security Documents (and as such security may be amended, supplemented, restated, extended, renewed or replaced from time to time) the Pledgor has agreed to grant a security interest in and pledge and assign the shares of the Corporation currently held by it or hereafter acquired by it in favour of the Lender.

THEREFORE, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement (including without limitation, the recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used and not

otherwise defined shall have the meanings ascribed to them in the Commitment Letter, and the following terms shall have the following meanings:

- (a) **"Deficiency"** shall have the meaning set forth in Section 5.1(e) hereof;
- (b) **"Event of Default"** shall have the meaning ascribed thereto in the Mortgage;
- (c) **"PPSA"** means the *Personal Property Security Act* (British Columbia) as amended, supplemented, restated and superseded, in whole or in part, from time to time;
- (d) **"Pledged Shares"** means all the shares in the capital of the Corporation now held and hereafter acquired from time to time by the Pledgor as set out on Schedule "A", as it may be amended from time to time, and any substitutions therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the Corporation or any other event and any shares acquired pursuant to the exercise of a right or offer granted or made by the Pledgor to the extent that any such right or offer arises out of the ownership of any shares in the capital of the Corporation together with any dividends or other moneys now or hereafter received or declared in respect of the Pledged Shares and all other rights and claims of the Pledgor in respect of the Pledged Shares;
- (e) **"Person"** or **"person"** means an individual, partnership, corporation, trust or unincorporated organization and includes a government or agency or political subdivision thereof; and
- (f) **"Obligations"** means any and all obligations, liabilities and indebtedness of every kind, nature and description owing by the Borrower to the Lender and any of its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under any of the Security Documents or otherwise whether now existing or hereafter arising.

1.2 Interpretation Not Affected By Headings, Etc.

Grammatical variations of any terms defined herein have similar meanings; words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders. The division of this Agreement into separate Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings and marginal notes and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 PLEDGE

2.1 Pledge

As continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Pledgor hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of the Lender. The Pledgor hereby delivers to the Lender the share certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to the Lender) to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell the Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement. If the Pledgor acquires any certificates evidencing the Pledged Shares after the date hereof, the Pledgor shall, forthwith upon receipt of such certificates, deliver such certificates to the Lender, its agent or nominee, together with all appropriate transfer and other documents to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement.

2.2 Attachment and Value

The Pledgor acknowledges and agrees that: (a) value has been given; (b) the security interests created hereby attach to the Pledged Shares immediately upon execution and delivery of this Agreement to the Lender, and the Lender and the Pledgor have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by the Pledgor; and (c) to the extent that the Pledgor does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time the Pledgor acquires rights or interests therein.

ARTICLE 3 PROVISIONS RELATING TO THE PLEDGED SHARES

3.1 Voting Rights

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, provided, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be prejudicial to the interest of the Lender, impair or reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of any of the Security Documents or any other agreement relating hereto or thereto, including, without limitation: (i) give any proxies to vote the Pledged Shares; or (ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares.

- (b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of the Lender, its agent or nominee, the Lender, on the written request of the Pledgor, shall execute and deliver or cause its agent or nominee to execute and deliver to the Pledgor suitable proxies or voting powers or powers of attorney in favour of the Pledgor or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action the Pledgor is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

3.2 Dividends and Distributions

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to receive and deal with (except as restricted by any of the Security Documents) any and all dividends, interest and other distributions or like payments (whether in cash, security (as such term is defined in the PPSA) or other property) at any time payable on or with respect to the Pledged Shares, and the Lender shall forthwith deliver to the Pledgor any such dividends, interest, distributions or other like payments received by it.
- (b) During the continuance of an Event of Default, all rights of the Pledgor to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares shall cease, and all such rights shall become vested for such period in the Lender which shall thereupon during such period have the sole right to receive such amounts. The Lender, shall, to the extent permitted by applicable law, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

3.3 Rights and Duties of the Lender

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of the Pledgor pursuant to Sections 3.1 and 3.2 shall cease and the Lender may enforce and exercise any and all of the rights of the Pledgor with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. The Lender and its nominee shall not have any duty of care whatsoever with respect to the Pledged Shares and may take no steps to defend or preserve the rights of the Pledgor therein against the claims or demands of others.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Pledgor hereby represents and warrants to the Lender as follows and acknowledges that the Lender is relying on such representations and warranties in advancing or continuing to advance credit to the Borrower pursuant to the Commitment Letter:

- (a) it is the registered and beneficial owner of, and has good title to, the Pledged Shares subject only to the security interests created by this Agreement;
- (b) the Pledged Shares constitute all of the capital stock of the Corporation that the Pledgor owns;
- (c) the Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares;
- (d) it has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to the Lender the security interests created by this Agreement;
- (e) this Agreement has been duly executed and delivered by it and constitutes an enforceable obligation against the Pledgor in accordance with its terms;
- (f) it has not granted any right to acquire an interest in any of the Pledged Shares except as set forth in this Agreement;
- (g) it has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement;
- (h) none of the rights of the Pledgor arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement; and
- (i) there is no default or dispute existing in respect of the Pledged Shares.

4.2 Covenants

The Pledgor covenants and agrees with the Lender the following:

- (a) if the Pledgor shall become entitled to receive or shall receive any share certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Lender,

hold the same in trust for the Lender and deliver the same forthwith to the Lender (or to an agent or nominee, as the Lender may direct) in the exact form received, together with the appropriate transfer and other documents to enable the Lender or its nominee to be registered as owner thereof, to be held by the Lender hereunder as additional security for the Obligations. During the continuance of an Event of Default, any sums paid upon or in respect of the Pledged Shares upon the liquidation or dissolution of the Corporation, shall be paid over to the Lender to be held by it as part of the Pledged Shares and in case any distribution of capital shall be made on or in respect of the Pledged Shares or any property shall be distributed upon or with respect to the Pledged Shares pursuant to the recapitalization or reclassification of the capital of the Corporation or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Lender to be held by it, subject to the terms hereof as part of the Pledged Shares. During the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Pledged Shares shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Lender, hold such money or property in trust for the Lender segregated from other funds of the Pledgor, as part of the Pledged Shares;

- (b) the Pledgor shall not permit any issuance of additional shares in the capital of the Corporation unless all such additional shares are pledged in favour of the Lender hereunder forthwith upon their issuance; and
- (c) the Pledgor shall defend the Lender's right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whomsoever and the Pledgor will have good title to any other shares or assets that become Pledged Shares hereunder.

ARTICLE 5 DEFAULT AND REMEDIES

5.1 Remedies

Upon the occurrence and during the continuance of an Event of Default, the security interests created hereby shall immediately become enforceable and the Lender may, forthwith or at any time thereafter, except in the event such Event of Default shall have been cured prior to any action by the Lender or except as provided by applicable law or this Agreement, take any one or more of the following actions:

- (a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving an option or options to purchase or contract to sell) upon such terms and conditions as the Lender, considers to be desirable and the Lender may apply and allocate any proceeds arising from the realization of the Pledged Shares to the Obligations in such manner as the Lender, in its absolute discretion, shall deem appropriate;

- (b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to the Pledgor and by complying with all applicable laws governing the exercise of this right;
- (c) exercise any or all of the rights and privileges attaching to the Pledged Shares and to deal with the Pledged Shares as if the Lender was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of the Lender or its nominee) and to collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;
- (d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Pledgor;
- (e) commence legal action against the Pledgor for the difference, if any, between: (i) all amounts owing by the Pledgor in respect of the Obligations; and (ii) the proceeds received by the Lender on a disposition of the Pledged Shares (hereinafter referred to as the "Deficiency");
- (f) in the name of the Pledgor perform, at the Pledgor's expense any and all obligations or covenants of the Pledgor relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be deemed necessary or desirable, in the discretion of the Lender, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as the Lender, in its discretion, considers to be desirable;
- (g) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in Subsections 5.1(c), (d), (f) and (h) hereof and to take possession of and collect dividends, interest, distributions and other like payments payable to the Pledgor in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or
- (h) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

5.2 Sale of Pledged Shares

Any sale referred to in Subsection 5.1(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Any sale pursuant to this Section 5.2 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as the Lender, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Lender may sell

the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Pledged Shares and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Pledgor and all those claiming an interest by, from, through or under the Pledgor. In the event of any sale pursuant to this Section 5.2, the Pledgor hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

5.3 Expenses

The Pledgor shall pay to the Lender all reasonable out-of-pocket costs and expenses (including legal fees) incurred in connection with the preparation, execution and delivery of this Agreement upon the execution hereof and the reasonable costs and expenses of the Lender incurred in exercising its rights hereunder shall form part of the Obligations and shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date of demand or, if the Lender has taken steps to exercise its rights under Section 5.1, from and including the date upon which the cost or expense is incurred at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.4 Deficiency

Where the Pledged Shares have been disposed of by the Lender as provided herein, the Deficiency shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date upon which the Deficiency arises at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of the Deficiency together with such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.5 Obligations of the Lender

The Lender shall not be under any obligation, or be liable or accountable for any failure, to enforce payment of performance of the Obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, the Pledgor or any other person in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. The Lender shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to

sell or otherwise deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of wilful misconduct or gross negligence.

5.6 Redemption of Pledged Shares

At any time before the Lender has disposed of the Pledged Shares as provided for herein or before it has elected to retain all or part of the Pledged Shares irrevocably, the Pledgor may redeem the Pledged Shares by tendering payment of the aggregate amount of the outstanding Obligations at such time.

5.7 Rights and Remedies Cumulative

The rights and remedies given to the Lender hereunder shall be cumulative of and not in substitution for any rights or remedies to which the Lender may be entitled under any of the Security Documents or any other security provided to the Lender or which may be available at law or in equity and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights or remedies.

ARTICLE 6 ACKNOWLEDGEMENTS BY THE PLEDGOR

6.1 Acknowledgements

The Pledgor hereby:

- (a) acknowledges receipt of a copy of this Agreement;
- (b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured or any part thereof shall be advanced before, upon or after the date of execution of this Agreement;
- (c) acknowledges and agrees that this Agreement and the rights and obligations of the Lender contained in any of the Security Documents may be assigned in whole or in part in accordance with the Commitment Letter and, in the event of any assignment, the assignee(s) shall be entitled to all the rights and remedies, and subject to the obligations, of the Lender set forth in this Agreement; and
- (d) agrees not to assert against the Lender or any assignee thereof, and acknowledges that the rights of the Lender or any such assignee shall not be subject to, any claim, defense, demand, set-off or other right, whether at law or in equity, that the Pledgor has or may have against the Lender or any such assignee under any agreement or instrument other than the Security Documents.

ARTICLE 7 WAIVER

7.1 Waiver by the Lender

The Lender may in its sole discretion, at any time by written notice delivered to the Pledgor, waive in whole or in part any breach of this Agreement, any Event of Default or any rights and remedies hereunder or otherwise and may grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Pledgor in respect of the collateral or otherwise deal with the Pledgor or with the Pledged Shares and any security held by the Lender as it may see fit without prejudice to the liability of the Pledgors' rights hereunder. The Pledgor hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by the Lender to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair the Lender's security interest or the rights and remedies of the Lender hereunder or otherwise.

7.2 Waivers in Writing

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by the Lender, except by express written waiver signed by the Lender, all such waivers to extend only to the particular circumstances therein specified.

ARTICLE 8 EFFECTIVE DATE AND TERMINATION

8.1 Effective Date

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by the Pledgor to the Lender, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 8.2.

8.2 Termination

This Agreement may be terminated by written agreement made between the Pledgor and the Lender at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations of the Lender under the Security Documents or otherwise have been terminated or cancelled and the Pledgor is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of the Security Documents or other document, as applicable.

ARTICLE 9 POWER OF ATTORNEY

9.1 Power of Attorney

The Pledgor hereby irrevocably constitutes and appoints the Lender and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of the Pledgor with power of substitution in the name of the Pledgor to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Lender, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including, without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of the Lender or to any person who acquires the same pursuant to the provisions of Section 5.1; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principal, interest or other payments in respect of the Pledged Shares; provided that such power of attorney shall not be exercised until an Event of Default has occurred and so long as the same is continuing. The Pledgor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 9.1. This power of attorney being coupled with an interest shall not be revoked or terminated by any act or thing and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 10 NOTICE

10.1 Notice

Any notice or other communication which may be or is required to be given or made pursuant to this Agreement shall be deemed to have been sufficiently and effectively given if signed by or on behalf of the party giving notice and personally delivered, mailed by prepaid registered mail or sent by facsimile machine to the party for which it is intended at its address as follows:

- (a) if to the Pledgor, at:

Facsimile No.: _____
Attention: _____

- (b) if to the Lender, at:

1210 Sheppard Avenue East
Suite 710
Toronto, Ontario, M2K 1E3

Facsimile No.: 416.499.9917
Attention: Rod Dougherty

Any notice or communication which may or is required to be given or made shall be made or given as herein provided or to such other address or facsimile number or in care of such other person as a party may from time to time advise to the other party hereto by notice in writing as aforesaid and any such notice shall not be deemed to be received until actual receipt thereof by the party to whom such notice is personally delivered or, if sent by facsimile machine shall be deemed to be received on the Business Day next following the date of transmission or, if sent by mail as aforesaid, shall be deemed to be received on the second Business Day following the date of such mailing.

ARTICLE 11 MISCELLANEOUS

11.1 Further Assurances

The Pledgor will, from time to time at the request of the Lender, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Lender shall request by notice in writing given to the Pledgor in order to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable the Lender to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by the Lender and the Pledgor. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into, this Agreement or any secured property, other than as expressed in this Agreement in writing.

11.3 Security Interests Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Lender to make any advance or loan or further advance, or bind the Lender to grant or extend any credit to the Pledgor or the Borrower, but the security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by the Pledgor.

11.4 Filings

The Pledgor authorizes the Lender to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Pledgor as it may deem necessary or appropriate to perfect or secure the security interest created hereunder.

11.5 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

11.6 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 and shall be treated in all respects as a British Columbia contract.

11.7 Severability

If any covenant, obligation or agreement of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

11.8 Time of Essence

Time shall be of the essence of this Agreement.

11.9 Paramountcy of the Commitment Letter

This Agreement is entered into in connection with the Commitment Letter and is subject to the terms thereof. In the event of any inconsistency between, and/or conflict with, the terms of this Agreement and the terms of the Commitment Letter, the provisions of the Commitment Letter shall prevail and the rights and obligations hereunder shall be construed in accordance with the provisions of the Commitment Letter.

11.10 Enurement

This Agreement and everything herein contained shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

11.11 Counterparts and Facsimile

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement.

IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.

**COLTER INVESTMENTS LIMITED
PARTNERSHIP**, by its General Partner,
Colter Investments (GP) Ltd.

By: _____

Name: K. LEROUX
Title: SECRETARY

By: _____

Name: _____
Title: _____

I/We have the authority to bind the Corporation

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: _____

Name: _____
Title: _____

I have the authority to bind the Corporation.

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Title: _____

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Title: _____

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682202 B.C. LTD.

By: _____

Name: _____

Title: _____

I have the authority to bind the Corporation.

SCHEDULE "A"

CORPORATION	NUMBER AND CLASS OF SHARES
682202 B.C. LTD.	1,000 Common shares
	1,000 Preferred shares

SHARE PLEDGE AGREEMENT

THIS AGREEMENT is made this 19 day of JANUARY, 2007.

BETWEEN:

KINGSWAY ARMS HOLDINGS B.C. LTD.

C/O 1200 – 200 Burrard Street, Vancouver, B.C. V7X 1T2

(hereinafter called the "Pledgor")

- and -

1397225 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Lender")

RECITALS:

- A. 682202 B.C. LTD., as borrower (the "**Borrower**"), entered into a commitment letter (the "Commitment Letter") with Carlisle Capital Structures Corporation ("**Carlisle**") dated October 24, 2006, as assigned by Carlisle to the Lender by an assignment dated JAN. 19, 2007 (as may be amended, supplemented, restated, extended, renewed or replaced from time to time) with respect to a loan in the sum of \$25,360,000.00.
- B. The Pledgor is the registered and beneficial owner of those shares in the capital of the corporation listed on Schedule "A" hereto (the "**Corporation**").
- C. As additional security for the fulfillment of all of the Borrower's obligations under and pursuant to the Commitment Letter and the Security Documents (and as such security may be amended, supplemented, restated, extended, renewed or replaced from time to time) the Pledgor has agreed to grant a security interest in and pledge and assign the shares of the Corporation currently held by it or hereafter acquired by it in favour of the Lender.

THEREFORE, the parties agree as follows:

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In this Agreement (including without limitation, the recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used and not

otherwise defined shall have the meanings ascribed to them in the Commitment Letter, and the following terms shall have the following meanings:

- (a) **"Deficiency"** shall have the meaning set forth in Section 5.1(e) hereof;
- (b) **"Event of Default"** shall have the meaning ascribed thereto in the Mortgage;
- (c) **"PPSA"** means the *Personal Property Security Act* (British Columbia) as amended, supplemented, restated and superseded, in whole or in part, from time to time;
- (d) **"Pledged Shares"** means all the shares in the capital of the Corporation now held and hereafter acquired from time to time by the Pledgor as set out on Schedule "A", as it may be amended from time to time, and any substitutions therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the Corporation or any other event and any shares acquired pursuant to the exercise of a right or offer granted or made by the Pledgor to the extent that any such right or offer arises out of the ownership of any shares in the capital of the Corporation together with any dividends or other moneys now or hereafter received or declared in respect of the Pledged Shares and all other rights and claims of the Pledgor in respect of the Pledged Shares;
- (e) **"Person"** or **"person"** means an individual, partnership, corporation, trust or unincorporated organization and includes a government or agency or political subdivision thereof; and
- (f) **"Obligations"** means any and all obligations, liabilities and indebtedness of every kind, nature and description owing by the Borrower to the Lender and any of its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under any of the Security Documents or otherwise whether now existing or hereafter arising.

1.2 Interpretation Not Affected By Headings, Etc.

Grammatical variations of any terms defined herein have similar meanings; words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders. The division of this Agreement into separate Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings and marginal notes and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 PLEDGE

2.1 Pledge

As continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Pledgor hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of the Lender. The Pledgor hereby delivers to the Lender the share certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to the Lender) to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell the Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement. If the Pledgor acquires any certificates evidencing the Pledged Shares after the date hereof, the Pledgor shall, forthwith upon receipt of such certificates, deliver such certificates to the Lender, its agent or nominee, together with all appropriate transfer and other documents to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement.

2.2 Attachment and Value

The Pledgor acknowledges and agrees that: (a) value has been given; (b) the security interests created hereby attach to the Pledged Shares immediately upon execution and delivery of this Agreement to the Lender, and the Lender and the Pledgor have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by the Pledgor; and (c) to the extent that the Pledgor does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time the Pledgor acquires rights or interests therein.

ARTICLE 3 PROVISIONS RELATING TO THE PLEDGED SHARES

3.1 Voting Rights

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, provided, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be prejudicial to the interest of the Lender, impair or reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of any of the Security Documents or any other agreement relating hereto or thereto, including, without limitation: (i) give any proxies to vote the Pledged Shares; or (ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares.

- (b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of the Lender, its agent or nominee, the Lender, on the written request of the Pledgor, shall execute and deliver or cause its agent or nominee to execute and deliver to the Pledgor suitable proxies or voting powers or powers of attorney in favour of the Pledgor or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action the Pledgor is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

3.2 Dividends and Distributions

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to receive and deal with (except as restricted by any of the Security Documents) any and all dividends, interest and other distributions or like payments (whether in cash, security (as such term is defined in the PPSA) or other property) at any time payable on or with respect to the Pledged Shares, and the Lender shall forthwith deliver to the Pledgor any such dividends, interest, distributions or other like payments received by it.
- (b) During the continuance of an Event of Default, all rights of the Pledgor to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares shall cease, and all such rights shall become vested for such period in the Lender which shall thereupon during such period have the sole right to receive such amounts. The Lender, shall, to the extent permitted by applicable law, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

3.3 Rights and Duties of the Lender

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of the Pledgor pursuant to Sections 3.1 and 3.2 shall cease and the Lender may enforce and exercise any and all of the rights of the Pledgor with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. The Lender and its nominee shall not have any duty of care whatsoever with respect to the Pledged Shares and may take no steps to defend or preserve the rights of the Pledgor therein against the claims or demands of others.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Pledgor hereby represents and warrants to the Lender as follows and acknowledges that the Lender is relying on such representations and warranties in advancing or continuing to advance credit to the Borrower pursuant to the Commitment Letter:

- (a) it is the registered and beneficial owner of, and has good title to, the Pledged Shares subject only to the security interests created by this Agreement;
- (b) the Pledged Shares constitute all of the capital stock of the Corporation that the Pledgor owns;
- (c) the Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares;
- (d) it has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to the Lender the security interests created by this Agreement;
- (e) this Agreement has been duly executed and delivered by it and constitutes an enforceable obligation against the Pledgor in accordance with its terms;
- (f) it has not granted any right to acquire an interest in any of the Pledged Shares except as set forth in this Agreement;
- (g) it has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement;
- (h) none of the rights of the Pledgor arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement; and
- (i) there is no default or dispute existing in respect of the Pledged Shares.

4.2 Covenants

The Pledgor covenants and agrees with the Lender the following:

- (a) if the Pledgor shall become entitled to receive or shall receive any share certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Lender,

hold the same in trust for the Lender and deliver the same forthwith to the Lender (or to an agent or nominee, as the Lender may direct) in the exact form received, together with the appropriate transfer and other documents to enable the Lender or its nominee to be registered as owner thereof, to be held by the Lender hereunder as additional security for the Obligations. During the continuance of an Event of Default, any sums paid upon or in respect of the Pledged Shares upon the liquidation or dissolution of the Corporation, shall be paid over to the Lender to be held by it as part of the Pledged Shares and in case any distribution of capital shall be made on or in respect of the Pledged Shares or any property shall be distributed upon or with respect to the Pledged Shares pursuant to the recapitalization or reclassification of the capital of the Corporation or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Lender to be held by it, subject to the terms hereof as part of the Pledged Shares. During the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Pledged Shares shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Lender, hold such money or property in trust for the Lender segregated from other funds of the Pledgor, as part of the Pledged Shares;

- (b) the Pledgor shall not permit any issuance of additional shares in the capital of the Corporation unless all such additional shares are pledged in favour of the Lender hereunder forthwith upon their issuance; and
- (c) the Pledgor shall defend the Lender's right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whomsoever and the Pledgor will have good title to any other shares or assets that become Pledged Shares hereunder.

ARTICLE 5 DEFAULT AND REMEDIES

5.1 Remedies

Upon the occurrence and during the continuance of an Event of Default, the security interests created hereby shall immediately become enforceable and the Lender may, forthwith or at any time thereafter, except in the event such Event of Default shall have been cured prior to any action by the Lender or except as provided by applicable law or this Agreement, take any one or more of the following actions:

- (a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving an option or options to purchase or contract to sell) upon such terms and conditions as the Lender, considers to be desirable and the Lender may apply and allocate any proceeds arising from the realization of the Pledged Shares to the Obligations in such manner as the Lender, in its absolute discretion, shall deem appropriate;

- (b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to the Pledgor and by complying with all applicable laws governing the exercise of this right;
- (c) exercise any or all of the rights and privileges attaching to the Pledged Shares and to deal with the Pledged Shares as if the Lender was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of the Lender or its nominee) and to collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;
- (d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Pledgor;
- (e) commence legal action against the Pledgor for the difference, if any, between: (i) all amounts owing by the Pledgor in respect of the Obligations; and (ii) the proceeds received by the Lender on a disposition of the Pledged Shares (hereinafter referred to as the "Deficiency");
- (f) in the name of the Pledgor perform, at the Pledgor's expense any and all obligations or covenants of the Pledgor relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be deemed necessary or desirable, in the discretion of the Lender, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as the Lender, in its discretion, considers to be desirable;
- (g) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in Subsections 5.1(c), (d), (f) and (h) hereof and to take possession of and collect dividends, interest, distributions and other like payments payable to the Pledgor in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or
- (h) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

5.2 Sale of Pledged Shares

Any sale referred to in Subsection 5.1(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Any sale pursuant to this Section 5.2 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as the Lender, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Lender may sell

the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Pledged Shares and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Pledgor and all those claiming an interest by, from, through or under the Pledgor. In the event of any sale pursuant to this Section 5.2, the Pledgor hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

5.3 Expenses

The Pledgor shall pay to the Lender all reasonable out-of-pocket costs and expenses (including legal fees) incurred in connection with the preparation, execution and delivery of this Agreement upon the execution hereof and the reasonable costs and expenses of the Lender incurred in exercising its rights hereunder shall form part of the Obligations and shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date of demand or, if the Lender has taken steps to exercise its rights under Section 5.1, from and including the date upon which the cost or expense is incurred at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.4 Deficiency

Where the Pledged Shares have been disposed of by the Lender as provided herein, the Deficiency shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date upon which the Deficiency arises at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of the Deficiency together with such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.5 Obligations of the Lender

The Lender shall not be under any obligation, or be liable or accountable for any failure, to enforce payment of performance of the Obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, the Pledgor or any other person in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. The Lender shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to

sell or otherwise deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of wilful misconduct or gross negligence.

5.6 Redemption of Pledged Shares

At any time before the Lender has disposed of the Pledged Shares as provided for herein or before it has elected to retain all or part of the Pledged Shares irrevocably, the Pledgor may redeem the Pledged Shares by tendering payment of the aggregate amount of the outstanding Obligations at such time.

5.7 Rights and Remedies Cumulative

The rights and remedies given to the Lender hereunder shall be cumulative of and not in substitution for any rights or remedies to which the Lender may be entitled under any of the Security Documents or any other security provided to the Lender or which may be available at law or in equity and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights or remedies.

ARTICLE 6 ACKNOWLEDGEMENTS BY THE PLEDGOR

6.1 Acknowledgements

The Pledgor hereby:

- (a) acknowledges receipt of a copy of this Agreement;
- (b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured or any part thereof shall be advanced before, upon or after the date of execution of this Agreement;
- (c) acknowledges and agrees that this Agreement and the rights and obligations of the Lender contained in any of the Security Documents may be assigned in whole or in part in accordance with the Commitment Letter and, in the event of any assignment, the assignee(s) shall be entitled to all the rights and remedies, and subject to the obligations, of the Lender set forth in this Agreement; and
- (d) agrees not to assert against the Lender or any assignee thereof, and acknowledges that the rights of the Lender or any such assignee shall not be subject to, any claim, defense, demand, set-off or other right, whether at law or in equity, that the Pledgor has or may have against the Lender or any such assignee under any agreement or instrument other than the Security Documents.

ARTICLE 7 WAIVER

7.1 Waiver by the Lender

The Lender may in its sole discretion, at any time by written notice delivered to the Pledgor, waive in whole or in part any breach of this Agreement, any Event of Default or any rights and remedies hereunder or otherwise and may grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Pledgor in respect of the collateral or otherwise deal with the Pledgor or with the Pledged Shares and any security held by the Lender as it may see fit without prejudice to the liability of the Pledgors' rights hereunder. The Pledgor hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by the Lender to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair the Lender's security interest or the rights and remedies of the Lender hereunder or otherwise.

7.2 Waivers in Writing

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by the Lender, except by express written waiver signed by the Lender, all such waivers to extend only to the particular circumstances therein specified.

ARTICLE 8 EFFECTIVE DATE AND TERMINATION

8.1 Effective Date

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by the Pledgor to the Lender, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 8.2.

8.2 Termination

This Agreement may be terminated by written agreement made between the Pledgor and the Lender at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations of the Lender under the Security Documents or otherwise have been terminated or cancelled and the Pledgor is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of the Security Documents or other document, as applicable.

ARTICLE 9 POWER OF ATTORNEY

9.1 Power of Attorney

The Pledgor hereby irrevocably constitutes and appoints the Lender and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of the Pledgor with power of substitution in the name of the Pledgor to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Lender, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including, without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of the Lender or to any person who acquires the same pursuant to the provisions of Section 5.1; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principal, interest or other payments in respect of the Pledged Shares; provided that such power of attorney shall not be exercised until an Event of Default has occurred and so long as the same is continuing. The Pledgor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 9.1. This power of attorney being coupled with an interest shall not be revoked or terminated by any act or thing and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 10 NOTICE

10.1 Notice

Any notice or other communication which may be or is required to be given or made pursuant to this Agreement shall be deemed to have been sufficiently and effectively given if signed by or on behalf of the party giving notice and personally delivered, mailed by prepaid registered mail or sent by facsimile machine to the party for which it is intended at its address as follows:

- (a) if to the Pledgor, at:
8555 Jane Street, Suite 102
Vaughn, ON L4K 5M9

Facsimile No.: (905) 760-2318
 Attention: Patrick Byrne

- (b) if to the Lender, at:
 1210 Sheppard Avenue East
 Suite 710
 Toronto, Ontario, M2K 1E3

Facsimile No.: 416.499.9917
 Attention: Rod Dougherty

Any notice or communication which may or is required to be given or made shall be made or given as herein provided or to such other address or facsimile number or in care of such other person as a party may from time to time advise to the other party hereto by notice in writing as aforesaid and any such notice shall not be deemed to be received until actual receipt thereof by the party to whom such notice is personally delivered or, if sent by facsimile machine shall be deemed to be received on the Business Day next following the date of transmission or, if sent by mail as aforesaid, shall be deemed to be received on the second Business Day following the date of such mailing.

ARTICLE 11 MISCELLANEOUS

11.1 Further Assurances

The Pledgor will, from time to time at the request of the Lender, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Lender shall request by notice in writing given to the Pledgor in order to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable the Lender to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by the Lender and the Pledgor. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into, this Agreement or any secured property, other than as expressed in this Agreement in writing.

11.3 Security Interests Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Lender to make any advance or loan or further advance, or bind the Lender to grant or extend any credit to the Pledgor or the Borrower, but the security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by the Pledgor.

11.4 Filings

The Pledgor authorizes the Lender to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Pledgor as it may deem necessary or appropriate to perfect or secure the security interest created hereunder.

11.5 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

11.6 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 and shall be treated in all respects as a British Columbia contract.

11.7 Severability

If any covenant, obligation or agreement of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

11.8 Time of Essence

Time shall be of the essence of this Agreement.

11.9 Paramountcy of the Commitment Letter

This Agreement is entered into in connection with the Commitment Letter and is subject to the terms thereof. In the event of any inconsistency between, and/or conflict with, the terms of this Agreement and the terms of the Commitment Letter, the provisions of the Commitment Letter shall prevail and the rights and obligations hereunder shall be construed in accordance with the provisions of the Commitment Letter.

11.10 Enurement

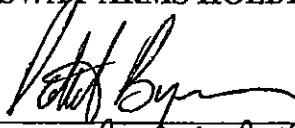
This Agreement and everything herein contained shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

11.11 Counterparts and Facsimile

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement.

IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.

KINGSWAY ARMS HOLDINGS B.C. LTD.

By: 

Name: PATRICK BYRNE
Title: PRESIDENT

By: _____

Name: _____
Title: _____

I/We have the authority to bind the Corporation

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: _____

Name: _____
Title: _____

I have the authority to bind the Corporation.

11.11 Counterparts and Facsimile

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement.

IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.

KINGSWAY ARMS HOLDINGS B.C. LTD.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

I/We have the authority to bind the Corporation

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: _____

Name: MICHAEL CHAPLIN

Title: DIRECTOR

I have the authority to bind the Corporation.

SCHEDULE "A"

CORPORATION	NUMBER AND CLASS OF SHARES
682202 B.C. LTD.	3,050 Common shares
	400 Preferred shares

SHARE PLEDGE AGREEMENT

THIS AGREEMENT is made this 19th day of JAN., 2006

BETWEEN:

MICHAEL CHAPLIN

C/O 1200 – 200 Burrard Street, Vancouver, B.C. V7X 1T2

(hereinafter called the "Pledgor")

- and -

1397225 ONTARIO LIMITED, a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Lender")

RECITALS:

- A. 682202 B.C. LTD., as borrower (the "**Borrower**"), entered into a commitment letter (the "Commitment Letter") with Carlisle Capital Structures Corporation ("**Carlisle**") dated October 24, 2006, as assigned by Carlisle to the Lender by an assignment dated Jan. 19, 2006 (as may be amended, supplemented, restated, extended, renewed or replaced from time to time) with respect to a loan in the sum of \$25,360,000.00.
- B. The Pledgor is the registered and beneficial owner of those shares in the capital of the corporation listed on Schedule "A" hereto (the "**Corporation**").
- C. As additional security for the fulfillment of all of the Borrower's obligations under and pursuant to the Commitment Letter and the Security Documents (and as such security may be amended, supplemented, restated, extended, renewed or replaced from time to time) the Pledgor has agreed to grant a security interest in and pledge and assign the shares of the Corporation currently held by it or hereafter acquired by it in favour of the Lender.

THEREFORE, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement (including without limitation, the recitals hereto), unless there is something within the subject matter or context inconsistent therewith, all capitalized terms used and not

otherwise defined shall have the meanings ascribed to them in the Commitment Letter, and the following terms shall have the following meanings:

- (a) **"Deficiency"** shall have the meaning set forth in Section 5.1(e) hereof;
- (b) **"Event of Default"** shall have the meaning ascribed thereto in the Mortgage;
- (c) **"PPSA"** means the *Personal Property Security Act* (British Columbia) as amended, supplemented, restated and superseded, in whole or in part, from time to time;
- (d) **"Pledged Shares"** means all the shares in the capital of the Corporation now held and hereafter acquired from time to time by the Pledgor as set out on Schedule "A", as it may be amended from time to time, and any substitutions therefor, additions thereto and proceeds thereof arising out of any consolidation, subdivision, reclassification, conversion, stock dividend or similar increase or decrease in or alteration of the capital of the Corporation or any other event and any shares acquired pursuant to the exercise of a right or offer granted or made by the Pledgor to the extent that any such right or offer arises out of the ownership of any shares in the capital of the Corporation together with any dividends or other moneys now or hereafter received or declared in respect of the Pledged Shares and all other rights and claims of the Pledgor in respect of the Pledged Shares;
- (e) **"Person"** or **"person"** means an individual, partnership, corporation, trust or unincorporated organization and includes a government or agency or political subdivision thereof; and
- (f) **"Obligations"** means any and all obligations, liabilities and indebtedness of every kind, nature and description owing by the Borrower to the Lender and any of its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under any of the Security Documents or otherwise whether now existing or hereafter arising.

1.2 Interpretation Not Affected By Headings, Etc.

Grammatical variations of any terms defined herein have similar meanings; words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders. The division of this Agreement into separate Articles, Sections, Subsections, Paragraphs and Subparagraphs and the insertion of headings and marginal notes and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

ARTICLE 2 PLEDGE

2.1 Pledge

As continuing security for the due and timely payment and performance by the Borrower of the Obligations, the Pledgor hereby assigns, mortgages, charges, hypothecates, pledges and grants a security interest in the Pledged Shares to and in favour of the Lender. The Pledgor hereby delivers to the Lender the share certificates evidencing the Pledged Shares together with all appropriate transfer and other documents (including, if applicable, a director's resolution approving the transfer of the Pledged Shares to the Lender) to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell the Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement. If the Pledgor acquires any certificates evidencing the Pledged Shares after the date hereof, the Pledgor shall, forthwith upon receipt of such certificates, deliver such certificates to the Lender, its agent or nominee, together with all appropriate transfer and other documents to enable the Lender, or its nominee to be registered as the owner thereof and to transfer or sell or cause to be transferred or sold such Pledged Shares upon any enforcement of the rights and remedies granted to the Lender in this Agreement.

2.2 Attachment and Value

The Pledgor acknowledges and agrees that: (a) value has been given; (b) the security interests created hereby attach to the Pledged Shares immediately upon execution and delivery of this Agreement to the Lender, and the Lender and the Pledgor have not agreed to postpone the time of attachment of the pledge of the Pledged Shares by the Pledgor; and (c) to the extent that the Pledgor does not acquire rights or interests in any of the Pledged Shares until after the execution and delivery of this Agreement, the security interests created hereby shall attach to such Pledged Shares at the time the Pledgor acquires rights or interests therein.

ARTICLE 3 PROVISIONS RELATING TO THE PLEDGED SHARES

3.1 Voting Rights

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to exercise all voting rights in respect of the Pledged Shares and to give consents, waivers, notices and ratifications and to take other action in respect thereof, provided, however, that no votes shall be cast or consent, waiver, notice or ratification given or action taken which would be prejudicial to the interest of the Lender, impair or reduce the value of or restrict the transferability of the Pledged Shares, or be inconsistent with or violate any provisions of any of the Security Documents or any other agreement relating hereto or thereto, including, without limitation: (i) give any proxies to vote the Pledged Shares; or (ii) enter into any shareholders' agreement or voting trust with respect to the Pledged Shares.

- (b) Except during the continuance of an Event of Default, if any of the Pledged Shares are registered in the name of the Lender, its agent or nominee, the Lender, on the written request of the Pledgor, shall execute and deliver or cause its agent or nominee to execute and deliver to the Pledgor suitable proxies or voting powers or powers of attorney in favour of the Pledgor or its nominee or nominees for voting, giving consents, waivers, notices or ratifications or take any other action the Pledgor is permitted to take in respect of such Pledged Shares and, to the extent consistent with or in respect of matters permitted hereunder, otherwise facilitate the voting of any such Pledged Shares, the giving of such consents, waivers, notices and ratifications and the taking of such actions.

3.2 Dividends and Distributions

- (a) Until the occurrence of an Event of Default which is continuing, the Pledgor shall be entitled to receive and deal with (except as restricted by any of the Security Documents) any and all dividends, interest and other distributions or like payments (whether in cash, security (as such term is defined in the PPSA) or other property) at any time payable on or with respect to the Pledged Shares, and the Lender shall forthwith deliver to the Pledgor any such dividends, interest, distributions or other like payments received by it.
- (b) During the continuance of an Event of Default, all rights of the Pledgor to receive dividends, interest, distributions and other like payments which it would otherwise be entitled to receive in respect of the Pledged Shares shall cease, and all such rights shall become vested for such period in the Lender which shall thereupon during such period have the sole right to receive such amounts. The Lender, shall, to the extent permitted by applicable law, be entitled to apply any such amounts received by it during the continuance of an Event of Default in respect of the Obligations, and pending such application of such amounts, the same shall be deemed to form part of the Pledged Shares.

3.3 Rights and Duties of the Lender

It is understood and agreed that, at any time and from time to time during the continuance of an Event of Default, all rights of the Pledgor pursuant to Sections 3.1 and 3.2 shall cease and the Lender may enforce and exercise any and all of the rights of the Pledgor with respect to the Pledged Shares, including those rights described in Sections 3.1 and 3.2. The Lender and its nominee shall not have any duty of care whatsoever with respect to the Pledged Shares and may take no steps to defend or preserve the rights of the Pledgor therein against the claims or demands of others.

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties

The Pledgor hereby represents and warrants to the Lender as follows and acknowledges that the Lender is relying on such representations and warranties in advancing or continuing to advance credit to the Borrower pursuant to the Commitment Letter:

- (a) it is the registered and beneficial owner of, and has good title to, the Pledged Shares subject only to the security interests created by this Agreement;
- (b) the Pledged Shares constitute all of the capital stock of the Corporation that the Pledgor owns;
- (c) the Pledged Shares have been duly issued and are outstanding as fully paid and non-assessable shares;
- (d) it has full power, authority and right to enter this Agreement and to pledge the Pledged Shares and to grant to the Lender the security interests created by this Agreement;
- (e) this Agreement has been duly executed and delivered by it and constitutes an enforceable obligation against the Pledgor in accordance with its terms;
- (f) it has not granted any right to acquire an interest in any of the Pledged Shares except as set forth in this Agreement;
- (g) it has not assigned, transferred, set over or granted a security interest in the Pledged Shares to any other person except as set forth in this Agreement;
- (h) none of the rights of the Pledgor arising as the legal and beneficial owner of the Pledged Shares have been surrendered, cancelled or terminated except as set forth in this Agreement; and
- (i) there is no default or dispute existing in respect of the Pledged Shares.

4.2 Covenants

The Pledgor covenants and agrees with the Lender the following:

- (a) if the Pledgor shall become entitled to receive or shall receive any share certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or right, whether in addition to, in substitution of, as a conversion of, or in exchange for some or all of the Pledged Shares, or otherwise in respect thereof, the Pledgor shall accept the same as the agent of the Lender,

hold the same in trust for the Lender and deliver the same forthwith to the Lender (or to an agent or nominee, as the Lender may direct) in the exact form received, together with the appropriate transfer and other documents to enable the Lender or its nominee to be registered as owner thereof, to be held by the Lender hereunder as additional security for the Obligations. During the continuance of an Event of Default, any sums paid upon or in respect of the Pledged Shares upon the liquidation or dissolution of the Corporation, shall be paid over to the Lender to be held by it as part of the Pledged Shares and in case any distribution of capital shall be made on or in respect of the Pledged Shares or any property shall be distributed upon or with respect to the Pledged Shares pursuant to the recapitalization or reclassification of the capital of the Corporation or pursuant to the reorganization thereof, the property so distributed shall be delivered to the Lender to be held by it, subject to the terms hereof as part of the Pledged Shares. During the continuance of an Event of Default, if any sums of money or property so paid or distributed in respect of the Pledged Shares shall be received by the Pledgor, the Pledgor shall, until such money or property is paid or delivered to the Lender, hold such money or property in trust for the Lender segregated from other funds of the Pledgor, as part of the Pledged Shares;

- (b) the Pledgor shall not permit any issuance of additional shares in the capital of the Corporation unless all such additional shares are pledged in favour of the Lender hereunder forthwith upon their issuance; and
- (c) the Pledgor shall defend the Lender's right, title and security interest in and to all the Pledged Shares against the claims and demands of all persons whomsoever and the Pledgor will have good title to any other shares or assets that become Pledged Shares hereunder.

ARTICLE 5 DEFAULT AND REMEDIES

5.1 Remedies

Upon the occurrence and during the continuance of an Event of Default, the security interests created hereby shall immediately become enforceable and the Lender may, forthwith or at any time thereafter, except in the event such Event of Default shall have been cured prior to any action by the Lender or except as provided by applicable law or this Agreement, take any one or more of the following actions:

- (a) dispose of the Pledged Shares by private sale, public sale or otherwise (including giving an option or options to purchase or contract to sell) upon such terms and conditions as the Lender, considers to be desirable and the Lender may apply and allocate any proceeds arising from the realization of the Pledged Shares to the Obligations in such manner as the Lender, in its absolute discretion, shall deem appropriate;

- (b) elect to retain the Pledged Shares or any portion thereof irrevocably by giving written notice of such election to the Pledgor and by complying with all applicable laws governing the exercise of this right;
- (c) exercise any or all of the rights and privileges attaching to the Pledged Shares and to deal with the Pledged Shares as if the Lender was the absolute owner thereof (including causing the Pledged Shares to be registered in the name of the Lender or its nominee) and to collect, draw upon, receive, appropriate and realize upon the Pledged Shares or any part thereof;
- (d) file such proofs of claims or other documents as may be necessary or desirable to have their claim lodged in any bankruptcy, winding-up, liquidation, arrangement, dissolution or other proceedings (voluntary or otherwise) relating to the Pledgor;
- (e) commence legal action against the Pledgor for the difference, if any, between: (i) all amounts owing by the Pledgor in respect of the Obligations; and (ii) the proceeds received by the Lender on a disposition of the Pledged Shares (hereinafter referred to as the "Deficiency");
- (f) in the name of the Pledgor perform, at the Pledgor's expense any and all obligations or covenants of the Pledgor relating to the Pledged Shares and to enforce performance by the other parties of their obligations, covenants and agreements in relation to the Pledged Shares including by the institution and prosecution of any and all actions and proceedings as may be deemed necessary or desirable, in the discretion of the Lender, for such enforcement and the settlement of any disputes with such other parties upon such terms and conditions as the Lender, in its discretion, considers to be desirable;
- (g) by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Pledged Shares or any part thereof and may remove any receiver so appointed and appoint another in its stead; and any receiver so appointed shall have the authority to do any of the acts specified in Subsections 5.1(c), (d), (f) and (h) hereof and to take possession of and collect dividends, interest, distributions and other like payments payable to the Pledgor in respect of the Pledged Shares and pay therefrom all charges relating to or in respect of the Pledged Shares; or
- (h) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement or by law or in equity.

5.2 Sale of Pledged Shares

Any sale referred to in Subsection 5.1(a) may be a sale of all or any portion of the Pledged Shares and may be by way of public auction, public tender, private contract or otherwise. Any sale pursuant to this Section 5.2 may be made with or without any special condition as to the upset price, reserve bid, title or evidence of title or other matter and may be made from time to time as the Lender, in its sole discretion deems fit, with power to vary or rescind any such sale or buy in at any public sale and resell without being answerable for any loss. The Lender may sell

the Pledged Shares for a consideration payable by installments either with or without taking security for the payment of such installments and may make and deliver to any purchaser thereof good and sufficient deeds, assurances and conveyances of the Pledged Shares and give receipts for the purchase money, and any such sale shall be a perpetual bar, both at law and in equity, against the Pledgor and all those claiming an interest by, from, through or under the Pledgor. In the event of any sale pursuant to this Section 5.2, the Pledgor hereby covenants and agrees to provide all information, certificates and consents required under applicable securities laws or under the rules, by-laws or policies of the exchange(s) on which any of the Pledged Shares may be listed and posted for trading to permit the due and valid sale of the Pledged Shares in compliance with such laws, rules, by-laws or policies.

5.3 Expenses

The Pledgor shall pay to the Lender all reasonable out-of-pocket costs and expenses (including legal fees) incurred in connection with the preparation, execution and delivery of this Agreement upon the execution hereof and the reasonable costs and expenses of the Lender incurred in exercising its rights hereunder shall form part of the Obligations and shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date of demand or, if the Lender has taken steps to exercise its rights under Section 5.1, from and including the date upon which the cost or expense is incurred at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.4 Deficiency

Where the Pledged Shares have been disposed of by the Lender as provided herein, the Deficiency shall be paid by the Pledgor to the Lender forthwith after demand therefor shall have been made by the Lender to the Pledgor together with interest from and including the date upon which the Deficiency arises at a rate per annum that is equal to the Interest Rate payable before and after demand, maturity, default and judgment, with interest on amounts in default at the same rate. All such interest shall be determined daily and shall be compounded monthly in arrears on the last day of each calendar month. Payment of the Deficiency together with such interest shall form part of the Obligations and be secured by the security interests created hereunder.

5.5 Obligations of the Lender

The Lender shall not be under any obligation, or be liable or accountable for any failure, to enforce payment of performance of the Obligations or to seize, collect, realize or obtain payment with respect to the Pledged Shares or to preserve any of its rights, the Pledgor or any other person in respect of the Pledged Shares or to exercise or exhaust any of their rights and remedies hereunder or under or with respect to the Pledged Shares and shall not be under any obligation to institute proceedings for any of such purposes. The Lender shall not be responsible for any loss occasioned by any sale or other dealing with the Pledged Shares or by retention of or failure to

sell or otherwise deal therewith or be bound to protect the Pledged Shares from depreciating in value or becoming worthless other than as a result of wilful misconduct or gross negligence.

5.6 Redemption of Pledged Shares

At any time before the Lender has disposed of the Pledged Shares as provided for herein or before it has elected to retain all or part of the Pledged Shares irrevocably, the Pledgor may redeem the Pledged Shares by tendering payment of the aggregate amount of the outstanding Obligations at such time.

5.7 Rights and Remedies Cumulative

The rights and remedies given to the Lender hereunder shall be cumulative of and not in substitution for any rights or remedies to which the Lender may be entitled under any of the Security Documents or any other security provided to the Lender or which may be available at law or in equity and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights or remedies.

ARTICLE 6 ACKNOWLEDGEMENTS BY THE PLEDGOR

6.1 Acknowledgements

The Pledgor hereby:

- (a) acknowledges receipt of a copy of this Agreement;
- (b) agrees that the pledge created hereby or to be created shall be and be deemed to be effective whether the Obligations hereby secured or any part thereof shall be advanced before, upon or after the date of execution of this Agreement;
- (c) acknowledges and agrees that this Agreement and the rights and obligations of the Lender contained in any of the Security Documents may be assigned in whole or in part in accordance with the Commitment Letter and, in the event of any assignment, the assignee(s) shall be entitled to all the rights and remedies, and subject to the obligations, of the Lender set forth in this Agreement; and
- (d) agrees not to assert against the Lender or any assignee thereof, and acknowledges that the rights of the Lender or any such assignee shall not be subject to, any claim, defense, demand, set-off or other right, whether at law or in equity, that the Pledgor has or may have against the Lender or any such assignee under any agreement or instrument other than the Security Documents.

ARTICLE 7 WAIVER

7.1 Waiver by the Lender

The Lender may in its sole discretion, at any time by written notice delivered to the Pledgor, waive in whole or in part any breach of this Agreement, any Event of Default or any rights and remedies hereunder or otherwise and may grant extensions of time or other indulgences to, accept compositions from or grant releases and discharges to the Pledgor in respect of the collateral or otherwise deal with the Pledgor or with the Pledged Shares and any security held by the Lender as it may see fit without prejudice to the liability of the Pledgors' rights hereunder. The Pledgor hereby agrees that any such waiver shall not be a waiver of any other or subsequent breach of this Agreement or Event of Default and that any failure by the Lender to exercise any of its rights or remedies hereunder or otherwise shall in no way affect or impair the Lender's security interest or the rights and remedies of the Lender hereunder or otherwise.

7.2 Waivers in Writing

No term, condition or provision hereof or any right hereunder, or in respect thereof, shall be, or shall be deemed to have been, waived by the Lender, except by express written waiver signed by the Lender, all such waivers to extend only to the particular circumstances therein specified.

ARTICLE 8 EFFECTIVE DATE AND TERMINATION

8.1 Effective Date

This Agreement shall become effective as of the date first written above. This Agreement and the security interests created hereunder are in addition to and not in substitution for any other security granted by the Pledgor to the Lender, whether before or after the execution of this Agreement. The security interest shall be a general and continuing security interest and shall continue in full force and effect until terminated as provided in Section 8.2.

8.2 Termination

This Agreement may be terminated by written agreement made between the Pledgor and the Lender at any time when all of the Obligations have been fully paid or satisfied and all commitments or other obligations of the Lender under the Security Documents or otherwise have been terminated or cancelled and the Pledgor is entitled to obtain the release of the Pledged Shares or any part thereof from the security interests granted hereunder in accordance with the terms of the Security Documents or other document, as applicable.

ARTICLE 9 POWER OF ATTORNEY

9.1 Power of Attorney

The Pledgor hereby irrevocably constitutes and appoints the Lender and any one of its directors and officers holding office from time to time and its nominees and agents as the true and lawful attorney of the Pledgor with power of substitution in the name of the Pledgor to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Lender, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise its rights and remedies hereunder, including, without in any way limiting the generality of the foregoing: (i) transferring any or all of the Pledged Shares into the name of the Lender or to any person who acquires the same pursuant to the provisions of Section 5.1; (ii) endorsing, negotiating or redeeming any Pledged Shares; (iii) exercising any voting rights associated with the Pledged Shares and executing any proxies or similar instruments in furtherance thereof; and (iv) realizing or collecting any proceeds or any dividends, principal, interest or other payments in respect of the Pledged Shares; provided that such power of attorney shall not be exercised until an Event of Default has occurred and so long as the same is continuing. The Pledgor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section 9.1. This power of attorney being coupled with an interest shall not be revoked or terminated by any act or thing and shall remain in full force and effect until this Agreement has been terminated.

ARTICLE 10 NOTICE

10.1 Notice

Any notice or other communication which may be or is required to be given or made pursuant to this Agreement shall be deemed to have been sufficiently and effectively given if signed by or on behalf of the party giving notice and personally delivered, mailed by prepaid registered mail or sent by facsimile machine to the party for which it is intended at its address as follows:

- (a) if to the Pledgor, at:

1603 - 100 W. PENDER ST., VANCOUVER B.C. V6B 1R8

Facsimile No.:

604-468-1382

Attention:

MICHAEL CHAPLIN

- (b) if to the Lender, at:

1210 Sheppard Avenue East
Suite 710
Toronto, Ontario, M2K 1E3

Facsimile No.:

416.499.9917

Attention:

Rod Dougherty

Any notice or communication which may or is required to be given or made shall be made or given as herein provided or to such other address or facsimile number or in care of such other person as a party may from time to time advise to the other party hereto by notice in writing as aforesaid and any such notice shall not be deemed to be received until actual receipt thereof by the party to whom such notice is personally delivered or, if sent by facsimile machine shall be deemed to be received on the Business Day next following the date of transmission or, if sent by mail as aforesaid, shall be deemed to be received on the second Business Day following the date of such mailing.

ARTICLE 11 MISCELLANEOUS

11.1 Further Assurances

The Pledgor will, from time to time at the request of the Lender, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Lender shall request by notice in writing given to the Pledgor in order to create, preserve, perfect, validate or otherwise protect the security interests created hereunder, to enable the Lender to exercise and enforce any of its rights and remedies hereunder and generally to carry out the provisions and intentions of this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement between the parties relating to the security interests granted in this Agreement. Any modification of this Agreement shall not be binding unless in writing and signed by the Lender and the Pledgor. There are no representations, warranties, covenants or acknowledgements affecting, or relied upon in connection with the entering into, this Agreement or any secured property, other than as expressed in this Agreement in writing.

11.3 Security Interests Effective Immediately

Neither the execution of, nor any filing with respect to, this Agreement shall obligate the Lender to make any advance or loan or further advance, or bind the Lender to grant or extend any credit to the Pledgor or the Borrower, but the security interest granted pursuant to this Agreement shall take effect forthwith upon the execution of this Agreement by the Pledgor.

11.4 Filings

The Pledgor authorizes the Lender to make such registrations, filings or recordings or such re-registrations, re-filings or re-recordings against the Pledgor as it may deem necessary or appropriate to perfect or secure the security interest created hereunder.

11.5 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

11.6 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 and shall be treated in all respects as a British Columbia contract.

11.7 Severability

If any covenant, obligation or agreement of this Agreement, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

11.8 Time of Essence

Time shall be of the essence of this Agreement.

11.9 Paramouncy of the Commitment Letter

This Agreement is entered into in connection with the Commitment Letter and is subject to the terms thereof. In the event of any inconsistency between, and/or conflict with, the terms of this Agreement and the terms of the Commitment Letter, the provisions of the Commitment Letter shall prevail and the rights and obligations hereunder shall be construed in accordance with the provisions of the Commitment Letter.

11.10 Enurement

This Agreement and everything herein contained shall enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Pledgor and its successors and assigns.

11.11 Counterparts and Facsimile

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which shall be deemed to be an original agreement. All counterparts shall be construed together and shall constitute one and the same agreement.

IN WITNESS OF WHICH the parties have duly executed this Agreement as of the date first written above.


MICHAEL CHAPLIN

The undersigned Corporation, together with its successors and assigns, hereby acknowledges and agrees to be bound (insofar as it is concerned) by the terms of this Agreement.

682202 B.C. LTD.

By: 

Name: M. CHAPLIN

Title: TREASURER

I have the authority to bind the Corporation.

SCHEDULE "A"

CORPORATION	NUMBER AND CLASS OF SHARES
682202 B.C. LTD.	750 Common shares
	750 Preferred shares