

DEPOSIT AGREEMENT

THIS AGREEMENT dated the 17th day of Jan A Commissioner for taking Affidavits within British Columbia

Ontario

BETWEEN:

682202 B.C. LTD. (Inc. No. 682202)
C/O 1200 – 200 Burrard Street, Vancouver, B.C., V7X 1T2

(the "Borrower")

OF THE FIRST PART

AND:

1397225 ONTARIO LIMITED (Inc. No. A0067673), having an office at
5650 Yonge Street, Suite 300, Toronto, Ontario M2M 4H5

(the "Lender")

OF THE SECOND PART

WHEREAS:

A. Pursuant to the Commitment Letter, the Lender has agreed to lend and the Borrower has agreed to borrow the monies representing the Loan;

B. To secure the payment, observance, and performance of the Loan Obligations, the Borrower has agreed, inter alia, to deliver the Deposit to the Lender, prior to or contemporaneously with the execution and delivery of this Agreement, for deposit, investment, and application as herein provided;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the sum of TEN DOLLARS (\$10.00) of lawful money of Canada now paid by the Lender to the Borrower (the receipt and sufficiency of which is hereby acknowledged by the Borrower) the Borrower herewith delivers the Deposit to the Lender (or confirms previous delivery of the Deposit to the Lender, if such be the case, for the purposes hereof), pledges and charges and grants a security interest in the Deposit Monies in favour of the Lender (who hereby takes a security interest in the Deposit Monies) and covenants and agrees with the Lender as follows:

1. IN THIS AGREEMENT:

- (a) "Borrower" means 682202 B.C. LTD., its successors, and assigns;
- (b) "Commitment Letter" means the letter dated October 24, 2006 issued by the Lender to and accepted by the Borrower and containing an agreement between the Lender and the Borrower to lend and borrow the monies representing the Loan upon and subject to the terms and conditions therein set forth, as amended from time to time;

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- (c) "Deposit" means the sum of \$86,000.00;
- (d) "Deposit Monies" means the outstanding balance of the Deposit and all interest from time to time payable by the Lender to the Borrower on account thereof;
- (e) "Lands" mean Municipality of Mission, legally described as set out on Schedule A attached hereto;
- (f) "Loan" means the sum of \$3,700,000.00;
- (g) "Loan Obligations" mean the obligations and liabilities due or payable to the Lender in connection with the Loan under the Commitment Letter and under any security including the Mortgage, now or hereafter granted to the Lender in connection therewith by the Borrower or any other person (or persons) or both; and
- (h) "Mortgage" means the \$3,700,000.00 mortgage of the Lands in favour of the Lender registered or to be registered at the Lower Mainland Land Title Office as security for, inter alia, the repayment of the Loan.

2. The Lender shall be and is hereby irrevocably directed to forthwith credit the Deposit to an interest bearing account maintained by the Lender in the name of the Borrower at the Lender's address above.

3. The Deposit shall bear interest from the date it is credited on the books maintained by the Lender at the Lender's rate of interest for such deposits in effect from time to time and such interest shall be calculated and paid to the aforesaid account, monthly, not in advance, on the first day of each and every month while the outstanding balance of the monies representing the Deposit remains in credit to the Borrower.

4. Subject to the provisions of clauses 5 and 6 hereof, the Deposit shall be invested and reinvested by the Lender and bear interest as herein provided until the Loan Obligations have been fully paid, observed, or performed at which time the outstanding balance of the Deposit Monies shall be paid to the Borrower.

5. The Borrower hereby irrevocably authorizes the Lender, at its sole discretion, to pay from the Deposit Monies each and every instalment of principal or interest or both due and payable by the Borrower to the Lender under the Mortgage as and when the same is due thereunder; provided that nothing herein contained shall be construed so as to relieve the Borrower from the due and punctual payment of such instalments pursuant to the Mortgage whether before or after default or after the Deposit Monies cease to be in credit to the Borrower.

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6. In the event of default under the Mortgage or any other security from time to time held by the Lender in connection with the Loan, then notwithstanding anything herein contained to the contrary, the Lender shall forthwith have the right to apply the Deposit Monies in whole or in part on account of the Loan Obligations, without prejudice to or in satisfaction of any other right or remedy available to the Lender occasioned by such default.

7. The Deposit shall at all times be maintained at \$86,000.00 and in the event the Deposit is reduced to less than this amount, the Borrower, upon demand by the Lender, shall, forthwith increase the Deposit to \$86,000.00.

8. The Deposit Monies and this Agreement shall be and remain valid and continuing security for the payment, observance, and performance of the Loan Obligations in the manner and to the extent herein provided until the Deposit Monies have been paid to the Borrower or applied by the Lender in the manner contemplated hereby.

9. The Deposit Monies and this Agreement shall be in addition to and not in substitution for any other securities now or hereafter held by the Lender in connection with the Loan Obligations and shall not merge in any other security now or hereafter held by the Lender therefor.

10. The taking of a judgment on any covenant contained herein will not operate to create any merger or discharge of any liability or obligation of the Borrower hereunder or any securities, including the Mortgage, of any form held or which may be held hereafter by the Lender from the Borrower or from any other person (or persons) whomsoever.

11. The records of the Lender as to the payment, observance, or performance of the Loan Obligations or any part (or parts) thereof, the outstanding balance of the Deposit Monies, the Borrower being in default, or any demand for payment, observance, or performance having been made in connection with the Loan Obligations, shall be conclusive evidence of such payment, observance, performance, default, or demand, as the case may be.

12. The Lender may grant extensions, take and give up securities, accept compositions, grant releases and discharges, and otherwise make arrangements and deal with the Borrower and with other persons and securities as the Lender may see fit without prejudice to the liability of the Borrower to the Lender or the Lender's rights to hold, deal with, enforce, and realize on the Deposit Monies.

13. All expenses whatsoever incurred by the Lender in applying the Deposit Monies in the manner herein contemplated shall be added to and shall be deemed to be a part of the Loan Obligations and be secured by the Mortgage and any other security from time to time held by the Lender in connection with the Loan.

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14. The Borrower hereby acknowledges receipt of a copy of this Agreement and waives the right to receive a copy of any financing statement, financing change statement, financing renewal statement, verification statement, or other statement relating to the registration hereof or thereof.

15. If more than one person signs this Agreement as Borrower, such persons are jointly and severally liable to observe and perform all of the Borrower's obligations herein.

16. If the Deposit Monies or any portion thereof is held by the Borrower as a partner of a firm, as a trustee, as an agent, or in any other similar capacity, whether fiduciary or otherwise, each and every:

- (a) warranty, representation, covenant, agreement, term, condition, proviso, and stipulation; and
- (b) assignment, security interest, and other charge constituted hereby;

made by or imposed upon the Borrower hereunder shall be and be deemed to be jointly and severally made by or imposed upon the Borrower and the partnership, the beneficiary (or beneficiaries) of the trust, the principal (or principals) of the agent, or other entity (or entities), as the case may be, and each assignment, security interest, and other charge contained in this Agreement shall be deemed to be an assignment, security interest, or charge against the interest and title of the partnership, the beneficiary (or beneficiaries), the principal (or principals), or such entity (or entities), as the case may be, in, and to the Deposit Monies, as well as being an assignment of or charge against the interest and title of the Borrower in and to the Deposit Monies.

17. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

18. This Agreement may be assigned by the Lender without the prior written consent of the Borrower.

19. Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision of this Agreement. To the extent permitted by applicable law the parties waive any provision of law that renders any provision of this Agreement invalid or unenforceable in any respect.

20. This Agreement may be executed in counterparts so executed (including those executed and delivered by fax) will constitute one agreement binding on the parties effective upon execution.

IN WITNESS WHEREOF this Agreement has been duly executed on the day and year first above written.


Executed in the presence of



Name JO-ANNE B. CHIA
Barrister & Solicitor
1200 Waterfront Centre, 200 Burrard Street
P.O. Box 48600, Vancouver, Canada V7X 1T2
604-640-4219

Address/Occupation

) 682202 B.C. LTD., by its authorized
) signatory(ies)
)
)
)



) Name: M. CHAPLIN
)
)
)



) Name: K. LEROUX

SCHEDULE A

PID: 017-490-146

Lot A, Section 20, Township 17, NWD, Plan LMP1741