

EXHIBIT "1"

THIS IS EXHIBIT " 1 " "
referred to in the Affidavit of

MICHAEL VOLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2012

182
NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA


D. AARON STEPHENSON
Barrister & Solicitor

FORM 33
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

TAKE NOTICE THAT:

1. I, **IMPACT 2000 INC.**, an insolvent person, state, pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, that I intend to make a proposal to my creditors.
2. Alvarez & Marsal Canada Inc., of Bow Valley Square I, Suite 570, 202-6th Avenue SW, Calgary, Alberta, T2P 2R9, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of the filing of this notice with the official receiver in my locality.

Dated at Calgary, Alberta, this 2nd day of November, 2012.


Mike Wolowich, President
Impact 2000 Inc.

To be completed by the Official Receiver:

Filing Date _____

Official Receiver

NOTE: If a copy of this Notice is sent electronically by means such as email, the name of the contact information of the sender, prescribed in Form 1.1, must be added at the end of the document.



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

District of ALBERTA

Division No. 02 - Calgary

Court No. 25-094321

Estate No. 25-094321

Industrie Canada

Bureau du surintendant
des faillites CanadaIn the Matter of the Notice of Intention
to make a proposal of:

Impact 2000 Inc.

Insolvent Person

ALVAREZ & MARSAL CANADA INC.

Trustee

c/- Osler

2500, TransCanada Tower

450 1st ST SW

Calgary AB

TAPSH

Date of the Notice of Intention: November 2, 2012

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4(1)

\$150-

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.


 TAMARA HOLLAND

Official Receiver

Standard Life Tower, 510-639-5th Ave., SW, Calgary, ALBERTA, T2P 0M9, 877/376-9902.

Canada

11/8/2012 4:20:58 PM
 DOCUMENT
 BANKRUPTCY
 ESTATE
 COURT
 TRANS: 331557
 TOTAL \$150.00
 LIST 1st \$150.00
 Item Court \$150.00
 TRANS: 331557
 031001004-001001

EXHIBIT "2"

THIS IS EXHIBIT " 2 "
referred to in the Affidavit of

MICHAEL SOLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2012

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NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor



THIS GENERAL SECURITY AGREEMENT DATED May 31, 2011.

BRANCH ADDRESS: 606 - 4th Street S.W., Calgary, Alberta T2P 1T1

1. DEFINITIONS

The following definitions shall apply herein:

- (a) "Act" means the Personal Property Security Act of the Province of Alberta in effect on the date hereof;
- (b) "Accessions", "Account", "Chattel Paper", "Consumer Goods", "Document of Title", "Equipment", "Financing Change Statement", "Financing Statement", "Goods", "Instrument", "Intangible", "Inventory", "Money", "Purchase Money Security Interest", "Security", "Securities Account" and "Security Entitlement" shall have the meanings ascribed to them in the Act and shall be deemed to include both the singular and plural of such terms. All other capitalized words or terms used herein, unless otherwise defined herein, shall have the meanings ascribed to them in the Act and the Regulations passed pursuant thereto;
- (c) "Agreement", "herein", and similar expressions refer to the whole of this Security Agreement and not to any particular section or other portion thereof and extend to and include every instrument which amends or supplements this Agreement;
- (d) "Bank" means Canadian Western Bank;
- (e) "Collateral" means all present and after-acquired personal property and Real Property of the Debtor of whatever kind and wherever situate, including, without limiting the generality of the foregoing, those specific items, if any, described on the attached Schedule "A", together with all documents, writings, papers, books of account and records relating to the foregoing and all rights and interests therein, but shall not include:
 - (i) the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor now or hereafter held by the Debtor, it being the intention that the Debtor shall stand possessed of the reversion remaining in respect of any leasehold interest forming part of the Collateral upon trust to assign and dispose thereof as the Bank may after default direct,
 - (ii) Consumer Goods, or
 - (iii) those specific items, if any, described on the attached Schedule "B";
- (f) "Debtor" means IMPACT 2000 INC.;
(name of company or individual)
- (g) "Default" means the happening of any one or more of the events or conditions described in section 7 and such term shall be deemed to include each, any, or all such events or conditions, whether any such event is voluntary or involuntary or is effected by operation

of law or pursuant to or in compliance with any judgement, decree or order of any Court or any order, rule or regulation of any administrative or governmental body;

- (h) "Indebtedness" means and includes any and all obligations, indebtedness and liability of the Debtor to the Bank, (including but not limited to principal, interest and all costs on a full indemnity basis) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wherever and however incurred, together with any ultimate unpaid balance thereof, whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether the Debtor is bound alone or with another or others and whether as principal or surety;
- (i) "Permitted Encumbrances" means those specific security interests, if any, whether by way of mortgage, lien, claim, charge or otherwise, listed on Schedule "A" or hereafter approved in writing by the Bank prior to their creation or assumption;
- (j) "Proceeds" shall have the meaning ascribed to it in the Act and shall be interpreted to include bank accounts, cash, trade-ins, Equipment, notes, Chattel Paper, Goods, contractual rights, Accounts and any other personal property or obligation received when Collateral or Proceeds thereof are sold, exchanged, collected or otherwise disposed of;
- (k) "Real Property" means all of the Debtor's right, title and interest in and to all its presently owned or held and after acquired or held real, immovable and leasehold property and all interests therein, and all easements, rights-of-way, privileges, benefits, licenses, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including all structures, plant and other fixtures;
- (l) "Receiver" means any one or more persons (whether officers of the Bank or not), firms or corporations appointed pursuant to subsection 9(f) and shall be deemed to include a receiver, manager, receiver-manager, or receiver and manager;
- (m) "Security Interest" means the security interest and the floating charge granted by the Debtor to the Bank pursuant to this Agreement; and
- (n) "Specifically Described Collateral" means those items, if any, described in Schedule "A" which comprise part of the Collateral.

2. GRANT OF SECURITY INTEREST

For value received (the receipt and sufficiency of which is hereby acknowledged):

- (a) the Debtor hereby grants, assigns, conveys, mortgages, pledges and charges, as and by way of a specific mortgage, pledge and charge and grants a continuing Security Interest to and in favour of the Bank in the Collateral (other than Real Property); and
- (b) the Debtor hereby charges the Real Property as and by way of a floating charge.

3. INDEBTEDNESS SECURED

The Security Interest secures payment and satisfaction of the Indebtedness; provided however, that if the Security Interest in the Collateral is not sufficient to satisfy the Indebtedness of the Debtor in full, the Debtor agrees that the Debtor shall continue to be liable for any Indebtedness

remaining outstanding and the Bank shall be entitled to pursue full payment and satisfaction thereof.

4. ATTACHMENT OF SECURITY INTEREST

The Security Interest shall attach to the Collateral at the earliest possible moment in accordance with the Act, there being no intention on the part of the Debtor and the Bank that it attach at any later time.

5. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor represents and warrants, and as long as this Agreement remains in effect shall be deemed to continuously represent and warrant, that:

- (a) the Debtor, if a natural person, is of legal age and, if a corporation, is duly organized, existing and in good standing under the laws of its incorporating jurisdiction and of each other jurisdiction in which the nature of its activities make such necessary;
- (b) the Debtor has the right, power and authority to enter into this Agreement and to grant the Security Interest;
- (c) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action and are not in contravention of any instrument by which the Debtor has been incorporated or continued, any instrument amending any such instrument, any internal regulation of the Debtor, any law, or any indenture, agreement or undertaking to which the Debtor is a party or by which it is bound;
- (d) the Debtor has not previously carried on business, does not currently carry on business, and shall not, without the prior written consent of the Bank, in the future carry on business under any name other than the name set forth in paragraph 1(f);
- (e) the Collateral is genuine and is legally and beneficially owned by the Debtor free of all security interests except for the Security Interest and the Permitted Encumbrances;
- (f) the description of the Specifically Described Collateral, whether contained herein or provided elsewhere by the Debtor to the Bank, is complete and accurate and all serial numbers affixed or ascribed to any of the Collateral have been provided to the Bank;
- (g) each Chattel Paper, Intangible and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same ("Account Debtor"), the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor shall be the correct amount owing unconditionally by such Account Debtor, and no Account Debtor shall have any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceedings to enforce the Collateral or otherwise;
- (h) the locations specified in the attached Schedule "C" as to business operations and records are accurate and complete and, except for Goods in transit to such locations and Inventory on lease or consignment, all Collateral shall be situate at one of such locations;

- (i) all financial statements, certificates and other information concerning the Debtor's financial condition or otherwise from time to time furnished by the Debtor to the Bank are and shall be in all respects complete, correct and fair representations of the affairs of the Debtor stated in accordance with generally accepted accounting principles applied on a consistent basis;
- (j) there has not been and shall not be a material adverse change in the Debtor's position, financial or otherwise, from that indicated by the financial statements which have been delivered to the Bank;
- (k) there are no actions, suits or proceedings pending or, to the knowledge of the Debtor, threatened against the Debtor except as have been disclosed in writing to and approved by the Bank; and
- (l) none of the Collateral is or shall be Consumer Goods.

6. COVENANTS OF THE DEBTOR

The Debtor covenants:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein and to keep the Collateral free from all security interests except for the Security Interest and the Permitted Encumbrances;
- (b) except as expressly permitted herein, not to sell, exchange, transfer, assign, destroy, lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Bank;
- (c) except as expressly permitted herein, not to move the Collateral from its current location, as indicated on Schedule "C", without the prior written consent of the Bank;
- (d) to assemble and deliver the Collateral to the Bank at such location as the Bank may direct;
- (e) to notify the Bank promptly in writing of:
 - (i) any change in the information contained in this Agreement including any information relating to the Debtor (including its name), the Debtor's business, the Collateral, or the locations of the Collateral or the records of the Debtor, so that the Bank shall be constantly advised of all places where the Debtor conducts its business, maintains the Collateral and maintains its records,
 - (ii) the details of any significant acquisition of Collateral (including serial numbers where required under the Act in connection with registration or as otherwise requested by the Bank), and for the purposes of this Agreement "significant" shall mean any item or items the value of which exceeds in the aggregate \$5,000,
 - (iii) the removal of any of the Collateral to any jurisdiction in which any registration of, or in respect of, this Agreement may not be effective to protect the Security Interest, and in the case of such removal to provide the Bank with a written certificate stating the time of removal, what is being removed and the intended new locality of such Collateral, and to assist the Bank in effecting such further

registrations as may be required by the Bank to protect its Security Interest; provided however that this provision shall not be construed as a waiver of any prohibition against removal or relocation of Collateral contained elsewhere in this Agreement, nor shall it be construed as permission to do so,

- (iv) the details of any claims or litigation affecting the Debtor or the Collateral,
 - (v) any loss or damage to the Collateral,
 - (vi) any Default by an Account Debtor in payment or other performance of its obligations with respect to any Collateral, and
 - (vii) the return to or repossession by the Debtor of any Collateral;
- (f) to keep all of its property, including the Collateral, in good order, condition and repair and not to use the Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance having jurisdiction over the same;
- (g) to execute, acknowledge and deliver such further agreements and documents supplemental hereto (including financing statements, further schedules to this Agreement, assignments and transfers) and to do all acts, matters and things as may be requested by the Bank in order to give effect to this Agreement and to perfect the Security Interest, including but not limited to any of the same which may be required to correct or amplify the description of any Collateral or for any other purpose not inconsistent with the terms of this Agreement;
- (h) to pay all costs and expenses on a full indemnity basis (including legal fees as between a solicitor and his own client) incidental to:
- (i) the preparation, execution and filing of this Agreement,
 - (ii) maintaining, protecting and defending the Collateral, the Security Interest, and all of the Bank's rights and interest arising pursuant to this Agreement, and
 - (iii) the exercise of any rights or remedies of the Bank pursuant to this Agreement, including but not limited to the costs of the appointment of a Receiver and all expenditures incurred by such Receiver, the cost of any sale proceedings (whether the same prove abortive or not), and all costs of inspection, and all other costs and expenses incurred by the Bank in connection with or arising out of, directly or indirectly, this Agreement, all without limitation. All such costs and expenses shall be payable by the Debtor immediately upon demand from the Bank and until paid shall bear interest from the date incurred by the Bank at the highest rate of interest then chargeable by the Bank to the Debtor on any of the Indebtedness. The amount of all such costs and expenses shall be added to the Indebtedness and shall be secured by this Agreement;
- (i) to punctually pay and discharge all taxes, rates, levies, assessments and other charges of every nature which might result in any lien, encumbrance, right of distress, forfeiture or termination or sale, or any other remedy being enforced against the Collateral and to provide to the Bank satisfactory evidence of such payment and discharge;

- (j) to maintain its corporate existence, and to diligently preserve all its rights, licenses, powers, privileges, franchises and goodwill;
- (k) to observe and perform all of its obligations and comply with all conditions under leases, licenses and other agreements to which it is a party or pursuant to which any of the Collateral is held;
- (l) to carry on and conduct its business in an efficient and proper manner so as to preserve and protect the Collateral and income therefrom;
- (m) to keep, in accordance with generally accepted accounting principles consistently applied, proper books of account and records of all transactions in relation to its business and the Collateral;
- (n) to observe and conform to all valid requirements of law and of any governmental or municipal authority relating to the Collateral or the carrying on by the Debtor of its business;
- (o) at all reasonable times, to allow the Bank access to its premises in order to view the state and condition of its property and to inspect its books and records and make extracts therefrom;
- (p) to insure the Collateral for such periods, in such amounts, on such terms, with such insurers and against such loss or damage by fire and other such risks as the Bank reasonably directs, with loss payable to the Bank and the Debtor as insureds, as their respective interests may appear, to pay all premiums therefor, to deliver evidence of the same on request, and to do all acts necessary to obtain payment to the Bank of any insurance proceeds;
- (q) to prevent the Collateral from being or becoming an Accession or a fixture to other property not covered by this Agreement or other security granted by the Debtor in favour of the Bank;
- (r) to deliver to the Bank from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities, Security Entitlements, Securities Account and Chattel Paper constituting the Collateral,
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral,
 - (iii) all financial statements prepared by or for the Debtor regarding its business, or, where the Debtor is an individual, all tax returns and such personal financial statements as the Bank may request,
 - (iv) all policies and certificates of insurance relating to the Collateral, and
 - (v) such further information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Bank may request;
- (s) not to change the present use of the Collateral; and

- (t) to comply with all other requirements of the Bank, whether in the nature of positive or negative covenants, as may be communicated by the Bank to the Debtor from time to time, including but not limited to those additional covenants, terms and conditions, if any, contained on the attached Schedule "D".

7. EVENTS OF DEFAULT

The following constitute Default:

- (a) non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness;
- (b) failure of the Debtor to perform or observe any obligation, covenant, term, provision or condition contained in this Agreement or any other agreement, security instrument or other document made by the Debtor with or in favour of the Bank or any other person, firm or corporation;
- (c) the death of or declaration of incompetency by a Court of competent jurisdiction with respect to the Debtor, if an individual;
- (d) the Debtor becomes insolvent or makes a voluntary assignment or proposal in bankruptcy or otherwise acknowledges its insolvency, a bankruptcy petition is filed or presented against the Debtor, the making of an authorized assignment for the benefit of the creditors of the Debtor, the appointment of a receiver, receiver-manager, receiver and manager or trustee for the Debtor or any assets of the Debtor, or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act, Companies Creditors Arrangement Act or similar legislation in any jurisdiction;
- (e) any act, matter or thing being done toward, or the commencement of any action or proceeding for, terminating the corporate existence of the Debtor, or if the Debtor is a partnership, the existence of the partnership, whether by way of winding-up, surrender of charter or otherwise;
- (f) any encumbrance or security interest affecting the Collateral becomes enforceable;
- (g) the Debtor ceases or threatens to cease to carry on its business or makes or proposes to make a bulk sale of its assets or any sale of the Collateral other than as expressly permitted herein;
- (h) any execution or other process of any Court becomes enforceable against the Debtor or a distress or analogous process is levied upon the assets of the Debtor or any part thereof (whether or not forming part of the Collateral);
- (i) the Debtor permits any amount which has been admitted as due by it or is not disputed to be due by it and which forms, or is capable of being made, a charge upon the Collateral in priority to, or pari passu with, the charge created by this Agreement to remain unpaid for 30 days after proceedings have been taken to enforce the same;
- (j) the Debtor allows any amount outstanding from it to the Crown pursuant to any federal or provincial statute to remain unpaid for 30 days or more;

- (k) a corporate dispute occurs within the Debtor, if a corporation, (whether between or among its shareholders, directors, officers, employees or otherwise) which may hamper the business operations of the Debtor or otherwise adversely affect, in the sole opinion of the Bank, the Debtor's business, assets or the Collateral;
- (l) any representation or warranty furnished by or on behalf of the Debtor pursuant to or in connection with this Agreement (regardless of the form thereof or whether contained herein or elsewhere), whether as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or otherwise proves to have been false or misleading as of the day made in any material respect or to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;
- (m) there is any material adverse change in any of the facts disclosed to the Bank, in the Debtor's position (financial or otherwise), or in the nature and value of the Collateral; or
- (n) the Bank considers or deems, in its sole opinion, that the Security Interest and the Collateral are not sufficient security in relation to the extent of the Indebtedness.

For the purposes of Section 198.1 of the Land Title Act (British Columbia), the floating charge created by this Security Agreement over Real Property shall become a fixed charge thereon upon the earlier of:

- (a) the occurrence of an event described in clause 7(d), (e), (f), (g) or (h); or
- (b) the Bank taking any action pursuant to clause 9 to enforce and realize on the Security Interests created by this Security Agreement.

8. ACCELERATION/DEFAULT

In the event of Default the Bank, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this clause shall not in any way affect any rights of the Bank with respect to any Indebtedness which may now or hereafter be payable on demand.

9. REMEDIES

Upon Default the Bank shall have the following rights and powers, which the Bank may exercise immediately:

- (a) to enter upon the premises of the Debtor or any other premises where the Collateral may be situated and to take possession of all or any part of the Collateral, by any method permitted by law, to the exclusion of all others, including the Debtor, its directors, officers, agents and employees, and the Debtor hereby waives and releases the Bank and any Receiver from all claims in connection therewith or arising therefrom;
- (b) to remove all or any part of the Collateral to such place as the Bank deems advisable;
- (c) to preserve and maintain the Collateral and to do all such acts incidental thereto as the Bank considers advisable, including but not limited to making replacements and additions to the Collateral;

- (d) to collect, demand, sue on, enforce, recover and receive Collateral and give receipts and discharges therefor, and may do any such act and take any proceedings related thereto in the name of the Debtor or otherwise as the Bank considers appropriate;
- (e) to sell, lease, or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as the Bank deems reasonable (including without limitation, by deferred payment) all in the Bank's absolute discretion and without the concurrence of the Debtor; provided however, that the Bank shall not be required to do so and it shall be lawful for the Bank to use and possess the Collateral for any and all purposes and in any manner the Bank sees fit, all without hindrance or interruption by the Debtor or any other person or persons, provided however that none of the foregoing shall prejudice the Bank's right to pursue the Debtor for recovery in full of the amount of the Indebtedness, including the amount of any deficiency owing after the application of the proceeds of realization (and to the extent permitted by laws, the Debtor waives its rights to the protection afforded by any rule of law or legislation respecting such deficiency);
- (f) to appoint by instrument in writing, with or without bond, or by application to any Court of competent jurisdiction, a Receiver of the Collateral and to remove any Receiver so appointed and appoint another or others in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not of the Bank and the Bank shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his agents, servants or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have the power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (including dispositions by way of deferred payment). To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor where Collateral may be situate, to employ and discharge such employees, agents or professional advisors as the Receiver deems advisable, to enter into such compromises, arrangements or settlements as the Receiver deems advisable, to borrow or otherwise raise money on the security of the Collateral and to issue Receiver's certificates and do all such other acts as the Receiver deems advisable in connection with any of the powers referred to herein. Except as may be otherwise directed by the Bank, all monies received from time to time by the Receiver in carrying out his appointment shall be received in trust for and paid over to the Bank. In addition, every Receiver may, in the discretion of Bank, be vested with all or any of the rights and powers of the Bank under the Act or any other applicable legislation or under this Agreement or any other agreement;
- (g) to rescind or vary any contract for sale, lease or other disposition that the Debtor or the Bank may have entered into and to resell, release or redispense of the Collateral;
- (h) to deliver to any purchasers of the Collateral good and sufficient conveyances or deeds for the same free and clear of any claim by the Debtor. For such purposes, the purchaser or lessee receiving any disposition of the Collateral need not inquire whether Default under this Agreement has actually occurred but may as to this and all other matters rely upon a statutory declaration of an officer of the Bank, which declaration shall be conclusive evidence as between the Debtor and such purchaser or lessee, and any such disposition shall not be affected by any irregularity of any nature or kind relating to the enforcement of this Agreement or the exercise of the rights and remedies of the Bank;

- (i) to exercise any of the powers and rights given to a Receiver pursuant to this Agreement;
- (j) to provide written notice to the Debtor that all the powers, functions, rights and privileges of the directors and officers of the Debtor with respect to the Collateral, business and undertaking of the Debtor have or shall cease as of the date notified therein, except to the extent specifically continued at any time by the Bank in writing; and
- (k) to take the benefit of or to exercise any other right, proceeding or remedy authorized or permitted at law or in equity, whether as a secured party pursuant to the Act as the same is in force from time to time or otherwise.

All rights and remedies of the Bank are cumulative and may be exercised at any time and from time to time independently or in combination. No delay or omission by the Bank in exercising any right or remedy shall operate as a waiver thereof or of any other right or remedy, and no singular partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Provided always that the Bank shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, maintain, lease or otherwise dispose of the Collateral, or to institute any proceedings for such purposes. The Bank shall have no obligation to take any steps to preserve rights against other parties, shall have no obligation to exercise any of the rights and remedies available to it on Default and shall not be liable or accountable for not exercising any such rights and remedies.

The Bank may waive any Default but no such waiver shall be effective unless made in writing and signed by an authorized officer of the Bank. Any such waiver shall not extend to, or be taken in any manner whatsoever to affect, any subsequent Default or the rights resulting therefrom.

By its acceptance of this Agreement, the Bank acknowledges that it shall not, except in the case of the bankruptcy of the Debtor, enforce this Security Agreement against any personal property of the Debtor used solely for the personal or household use and enjoyment of the Debtor or the Debtor's immediate family.

10. BANK MAY REMEDY DEFAULT

The Bank shall have the right, but shall not be obliged to, remedy any Default of the Debtor and all sums thereby expended by the Bank shall be payable immediately by the Debtor, together with interest thereon at the highest rate of interest then chargeable by the Bank to the Debtor on any portion of the Indebtedness. All such sums shall be added to the Indebtedness and shall be secured by this Agreement. In no case shall the exercise of the Bank's rights pursuant to this Section 10 be deemed to relieve the Debtor from such Default or be deemed a waiver of such Default or of any other prior or subsequent Default.

11. USE OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and to the following provisions of this Section 11, until Default the Debtor may:

- (a) in the case of Equipment, dispose of the same for the purpose of immediately replacing it by other Equipment of a similar nature or of a more useful or convenient character and of at least equal value;

- (b) in the case of Inventory and Money, dispose of the same in the ordinary course of the business of the Debtor and for the sole purpose of carrying on the same; and
- (c) otherwise possess, collect, use, enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not expressly or impliedly prohibited herein or otherwise inconsistent with the provisions of this Agreement.

Notwithstanding the foregoing:

- (a) before or after Default the Bank may notify all or any Account Debtors and may direct such Account Debtors to make all payments owed in respect of the Collateral directly to the Bank; and
- (b) the Debtor agrees that any payments on or other Proceeds of Collateral received by the Debtor, whether before or after Default, shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank upon request.

If the Collateral at any time includes Securities, the Debtor authorizes the Bank to transfer the same or any part thereof into its own name or that of its nominees so that the Bank or its nominees may appear on record as the sole owner thereof; provided however that until Default the Bank shall deliver to the Debtor all notices or other communications received by it or its nominees as registered owner and upon demand and receipt of payment of any necessary expenses shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. However, after Default the Debtor waives all rights to receive any notices or communications in respect of such Securities and agrees that no proxy issued by the Bank to the Debtor or its order as aforesaid shall thereafter be effective.

12. APPROPRIATION OF PAYMENTS

All payments made at any time in respect of the Indebtedness and all Proceeds realized from any Securities held therefor may be applied (and reapplied from time to time notwithstanding any previous application) in such manner as the Bank sees fit or, at the option of the Bank, may be held unappropriated in a collateral account or released to the Debtor all without prejudice to the rights of the Bank hereunder, including the Bank's right to collect from the Debtor the amount of any deficiency remaining after application of all such payments and Proceeds.

13. POWER OF ATTORNEY AND AUTHORIZATION TO FILE

The Debtor hereby authorizes the Bank to file such Financing Statements and other documents and do such acts, matters and things (including completing and adding schedules to this Agreement identifying Collateral or location) as the Bank from time to time deems appropriate to perfect, continue and realize upon the Security Interest and to protect and preserve the Collateral. In addition, for valuable consideration, the Debtor hereby irrevocably appoints the Bank and its officers from time to time, or any one or more of them, to be the true and lawful attorney of the Debtor, with full power of substitution, in the name of and on behalf of the Debtor to execute and to do all deeds, transfers, conveyances, assignments, assurances, and other things which the Debtor ought to execute and do under the covenants and provisions contained in this Agreement and generally to use the name of the Debtor in the exercise of all or any of the rights, remedies and powers of the Bank.

14. MISCELLANEOUS

- (a) The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, comprise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Bank sees fit, all without prejudice to the liability of the Debtor to the Bank or to the Bank's rights in respect thereof. In addition, the Bank may demand, collect, and sue on the Collateral in either the Debtor's or the Bank's name, all at the Bank's option, and may endorse the Debtor's name on any and all cheques, commercial paper and other Instruments pertaining to or constituting the Collateral.
- (b) Neither the execution or registration of this Agreement, nor the advance or readvance of part of the monies hereby intended to be secured, shall bind the Bank to advance or readvance the said monies or any unadvanced part thereof. The advance or readvance of the said monies or any part thereof from time to time shall be in the sole discretion of the Bank.
- (c) The Debtor hereby waives protest of any Instrument constituting Collateral at any time held by the Bank on which the Debtor is in any way liable and, except as expressly prohibited by law, waives notice of any other action taken by the Bank.
- (d) Without limiting any other right of the Bank, whenever the Indebtedness is due and payable or the Bank has the right to declare it to be due and payable (whether or not it has been so declared), the Bank may, in its sole discretion, set off against the Indebtedness any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due, and the Bank shall be deemed to have exercised such right to set-off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto.
- (e) In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against such assignee any claim or defence which the Debtor now has or may hereafter have against the Bank.

15. NOTICE

In addition to the notice provisions contained in the Act, whenever the Debtor or the Bank is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered, transmitted by facsimile, or sent by prepaid registered mail addressed to the party for whom it is intended at the Branch Address, in the case of the Bank, and at the Debtor Address, in the case of the Debtor, as set out herein or as changed pursuant hereto. Either party may notify the other of any change in such party's address to be used for the purposes hereof. All such communications shall, in the case of delivery or facsimile, be deemed received on the date of delivery and, if mailed as aforesaid, shall be deemed received on the third business day following the date of posting. In the case of a disruption in postal service all such communications shall be delivered or transmitted by facsimile.

16. INTERPRETATION

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.
- (b) This Agreement and the security afforded by it is in addition to and not in substitution for any other security now or hereafter held by the Bank and is intended to be a continuing security agreement and shall remain in full force and effect until released in writing by the Bank. The Bank shall have no obligation to provide such release unless and until the full amount of the Indebtedness has been paid in full.
- (c) If any provision of this Agreement is held invalid, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect and this Agreement shall be enforced to the fullest extent permitted by law.
- (d) The Debtor hereby waives the benefit of all statutory, common law and equitable rights, benefits and provisions which in any way limit or restrict the Bank's rights and remedies, to the extent that such waiver is not expressly prohibited by law. The Debtor acknowledges and agrees that the Bank shall have the right to recover the full amount of the Indebtedness by all lawful means, including the right to seek recovery of any deficiency remaining after the sale of the Collateral, including any sale thereof to the Bank.
- (e) The headings of the sections of this Agreement are inserted for convenience of reference only and shall not affect or limit the construction or interpretation of this Agreement.
- (f) All schedules, whether attached hereto on the date hereof or subsequently attached pursuant to the provisions of this Agreement, form part of this Agreement. With the exception of any schedules which may be added hereafter by the Bank without the concurrence of the Debtor pursuant to the provisions of this Agreement, no modification, variation or amendment of this Agreement shall be made except by a written agreement executed by the Debtor and the Bank.
- (g) When the context so requires, words importing the singular number shall be read to include the plural and vice versa, and words importing gender shall be read with all grammatical changes necessary to reflect the identity of the parties.
- (h) This Agreement shall enure to the benefit of the Bank, its successors and assigns and shall be binding upon the Debtor, its personal representatives, administrators, successors and permitted assigns. If more than one Debtor executes this Agreement, the obligations of the Debtor shall be joint and several.
- (i) Time shall be in all respects of the essence of this Agreement.

17. RECEIPT OF DOCUMENTS

- (a) The Debtor hereby acknowledges receiving a copy of this Agreement.
- (b) The Debtor hereby waives its right to receive a copy of any Financing Statement, Financing Change Statement or verification statement which may be filed by or issued to the Bank pursuant to the Act.

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

IMPACT 2000 INC.

(Company Name)

Per:

(Seal) if applicable

Per:

AUTHORIZED SIGNATORY(S)

IF DEBTOR IS AN INDIVIDUAL

Witness

Name of Individual

Witness

Name of Individual

DEBTOR ADDRESS:
(Chief Executive Office, if Corporation, or Residence
if Individual)

200, 3016 – 5th Avenue N.E.
Calgary, Alberta
T2A 6K4

Facsimile:

If Debtor is an individual:

State full given names and surname, in order, with surname last.

Full Name

Indicate Date of Birth:

Date of Birth

Day, Month, Year M F

SCHEDULE "A"

1. SPECIFICALLY DESCRIBED COLLATERAL

- (a) Serial Number Goods

SEE ATTACHED SCHEDULE A-1

- (b) Other

2. PURCHASE MONEY SECURITY INTERESTS

3. PERMITTED ENCUMBRANCES

- (a) Security Agreement filed by IOS Financial Services registered September 15, 2008, as Registration No. 08091526171;
- (b) Security Agreement filed by Wells Fargo Equipment Finance Company registered November 9, 2009, as Registration No. 09110910697;
- (c) Security Agreement filed by CBSC Capital Inc. registered October 1, 2010, as Registration No. 10100110246.

Schedule A-1

TRUCKS:

Chevrolet Silverado 2002 vin 2GCEK19T821103905
Ford F250 2007 vin 1FTSX21527EA00914
Ford F250 2006 vin 1FTSX21516EA13068
Ford F250 2006 vin 1FTSW21546ED90478
Ford F250 2004 vin 1FTNX21L44ED42839
Ford F250 2005 vin 1FTSX21575ED04298
Ford F250 2006 vin 1FTSX21566EA40086
Ford F250 2005 vin 1FTSX21525EC26478
Ford F250 2007 vin 1FTSX21547EB03185
Ford 250 Crew Cab 2009 vin 1FTSW21529EA15693
Ford F350 2005 vin 1FTWW31555EC26470
Ford F350 2007 vin 1FTWW31507EB37022
Ford F350 2008 vin 1FTWW31538EC79320
Ford F350 Crew Cab 2009 vin 1FTWW31509EA17451
Ford F350 Crew Cab 2009 vin 1FTWW31549EA19171
Ford F350 Crew Cab 2008 vin 1FTWW31538EC72173
Ford F350 Crew Cab 2008 vin 1FTWW31578EC72161
Ford F350 Crew Cab 2009 vin 1FTWW31549EA17470
Ford F350 Crew Cab 2009 vin 1FTWW31519EA17460
Ford F350 Crew Cab 2008 vin 1FTWW31568EC72149
Ford F350 Crew Cab 2009 vin 1FTWW31509EA87435
Ford F350 Crew Cab 2009 vin 1FTWW31549EA87423

Medical Treatment Centre:

Ford F250 Crew Cab 2009 vin 1FTSX21559EA15684

Service Trucks:

F750 2WD 2006 vin 3FRWF7NX6V356755 crane 5525S2061031 compressor CAS3560061009
F750 2WD 2006 vin 3FRWF7N66V356753 crane 5525S2061034 compressor CAS3560061029

Kubota:

RTV900 2009 s/n 86108 vin KRTV900A71086108
RTV500 2009 s/n 20106 vin KRTV500A91020106
RTV500 2009 s/n 20429 vin KRTV500A91020429
RTV500 2009 s/n 20027 vin KRTV500A90120027
RTV500 2009 s/n 20424 vin KRTV500A91020424
RTV500 2009 s/n 20401 vin KRTV500A91020401
9000 (enclosed cab. Boug) 2006 s/n 69180 vin KRTV900A61069180

Cats:

D5G LGP 2006 s/n CAT00D5GJRK02710

Hagglunds:

BV06 1988 vin STS???BV206511200
BV06 1991 vin STS???BV206751100

Argos:

Avenger 700 8x8 green 2006 vin 2DGSSOBT76NV23554
6x6 wheel argo frontier blue 2007 vin 2DGLSOBL77NF15656
Argo centaur 950 diesel yellow 2008 vin V2000G00000011047

Skidoos:

Tundra Ski doo LT yellow 550 2006 vin 2BPSGD8AX8V000508

Polaris 340 Transport black 2008 vin SN1NT3ASX8C359829
Polaris 340 Transport black 2008 vin SN1NT3AS38C359798
Skidoo Bombardier 600 maroon 2003 vin 2BPS243463V000157
Yamaha Bravo BR250TY 2009 green vin JYE8BD0079A044647
Yamaha Bravo BR250TY 2009 green vin JYE8BD0039A044645
Yamaha Bravo BR250TY 2009 green vin JYE8BD00X9A044688
Yamaha Bravo BR250TY 2009 green vin JYE8BD0059A044646

Other:

Argo Trailer - Water tank T-GR-WBD AWU01 (water for argo water tank and water pump for water truck)

Light Plants:

Terex/Amida 4 Lamp 20KW mod unit LP01 s/n GOF-25063
Terex/Amida 4 Lamp 20KW mod unit LP02 s/n GUF-25404 vin 4ZJFL151361K25404
Terex/Amida 4 Lamp 20KW mod unit LP03 s/n GTF-23693 vin 4ZJFL151761H23693

Office Trailer:

Signature Office trailer 2003 s/n 260038256

Trailers:

Royal Cargo Car Hauler 2008 vin 2S9PK531X83019919 closed X744-75
Snowking 24' 2001 vin 2X4TSED231N018894 closed T351-159
Mirage Flat Deck Trailer 2007 vin 5M3BE162771023689 flat X744-74
Snake River 18' flatbed 2008 vin 5PTBF182881010342 flat Y311-87
PJ Trailer Gooseneck FS303 Black 2007 vin 4P5FS303371101558 flat X986-29
Semi Flat deck 2008 vin 5PYAT172681006614 semi flat X285-41
Flat deck with water tanks 2006 vin 2CUL2TJA262020581 flat X557-03

Water Units:

GMC single axel water truck 2000 vin 1GDM7H1C5YJ511774
Bombardier Muskeg 321790267 crawler seismic water hauler vin LD21733U583179E

Drills:

Buggy Mount 10' Seismic top drill 2000 vin 4179
Bombardier Muskeg Crawler 2001 vin 236UA16208
Bombardier Muskeg Crawler 2001 vin 321910609

Quads:

Honda quad TRX350 KM4 red 2004 vin 47BTE25654A400135
Honda quad TRX420 FM7 red 2007 vin 1HFTE353474002272
Honda quad TRX420 FM7 yellow 2007 vin 1HFTE352974000453
Polaris 800 quad 2006 vin 4XAMH76A36A643603

SCHEDULE "B"

PERSONAL PROPERTY NOT INCLUDED IN COLLATERAL

- NIL -

SCHEDULE "C"

1. LOCATIONS OF DEBTOR'S BUSINESS OPERATIONS

(a) Chief Executive Office

200, 3016 – 5th Avenue N.E.
Calgary, Alberta T2A 6K4

(b) Other Locations

2. LOCATIONS OF RECORDS RELATING TO COLLATERAL

200, 3016 – 5th Avenue N.E.
Calgary, Alberta T2A 6K4

3. LOCATIONS OF COLLATERAL

200, 3016 – 5th Avenue N.E.
Calgary, Alberta T2A 6K4

SCHEDULE "D"

ADDITIONAL COVENANTS, TERMS AND CONDITIONS

Comply with all terms, conditions and covenants set forth in any and all offer of credit letters executed by the Bank and the Debtor, as such letters may be amended, extended, renewed, altered, modified, substituted or replaced from time to time.

Dated May ____, 2011

FROM: **IMPACT 2000 INC.**

TO: **CANADIAN WESTERN BANK**

GENERAL SECURITY AGREEMENT



CANADIAN WESTERN BANK

GENERAL ASSIGNMENT OF DEBTS

.. For value received the undersigned IMPACT 2000 INC.

of 200, 3016 – 5th Avenue N.E., Calgary, Alberta T2A 6K4
(street address) (city) (province or territory)

hereby assigns and transfers to CANADIAN WESTERN BANK ("Bank") all accounts, debts, claims, monies, demands and choses in action (collectively the "Debts"), whether now due or owing or accruing due to or vested in or which hereafter become due or owing or accruing due to or vested in the undersigned and all securities, bills, notes, contracts, mortgages, other instruments, insurance claims and judgements now or hereafter taken, held by or vested in the undersigned or anyone on behalf of the undersigned in respect of or as security for any of the Debts (collectively the "Securities") together with all books and papers relating to or being records of the Debts or by which the Debts are or may hereafter be evidenced, acknowledged or made payable (collectively the "Records").

2. This assignment shall constitute a general and continuing collateral security to the Bank for the payment of all indebtedness and liability (present and future, direct or indirect, absolute or contingent, matured or not) of the undersigned to the Bank whether arising from agreement or dealings between the Bank and the undersigned or from agreement or dealings with any third person by which the Bank now is or hereafter may become a creditor of the undersigned or however otherwise arising and whether the undersigned be bound alone or with another or others and whether as principal or surety or guarantor.

3. All monies collected or received by the undersigned in respect of the Debts shall be received as trustee for and be promptly paid over to the Bank.

4. The Bank may at any time without notice to the undersigned or regard to the state of accounts between it and the undersigned, collect, demand, sue for, enforce, recover and receive the Debts and give valid and binding receipts and discharges therefor and in respect thereof and may realize, sell by public or private sale or otherwise dispose of or deal with the Debts, Securities and Records or any of them, provided that the Bank shall not be liable or accountable for failure to do anything it is by this assignment entitled to do and that it shall not be bound to institute proceedings for the purpose of preserving any right of the Bank, the undersigned or any other person, firm or corporation in respect of the Debts, the Securities, the Records or any of them.

5. The undersigned shall pay to the Bank on demand (in addition to all other debts and liabilities of the undersigned to the Bank) all costs, charges and expenses (including, without limitation, lawyer's fees as between a solicitor and his own client on a full indemnity basis) incurred by the Bank for the preparation, execution and perfection and enforcement of this assignment, together with interest thereon, both before and after demand, default and judgement, calculated from the date for payment by the Bank of each such cost, charge and expense until payment by the undersigned hereunder, at a rate per annum equal to 3% above the rate published by the Bank from time to time as the Bank's prime lending rate. A statement signed by any officer of the Bank confirming the Bank's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes hereunder.

6. The Bank may compound, compromise, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the undersigned, with debtors of the undersigned, sureties and others, and with the Debts and Securities and other securities as the Bank may see fit without prejudice to the indebtedness or liability of the undersigned to the Bank or to the right the Bank has to hold and realize upon this assignment.

7. All monies collected or received by the Bank in respect of the Debts may be applied on account of such parts of the indebtedness and liability of the undersigned as to the Bank seems best or may at the discretion of the Bank be released to the undersigned, all without prejudice to the Bank's claims upon the undersigned.

8. The undersigned warrants that none of the Debts or Securities has been assigned, pledged or encumbered to or in favour of any other person, firm or corporation and covenants and agrees with the Bank not to assign, pledge or encumber any of the Debts or Securities or any rights therein, so long as this assignment remains in force, without the written consent of the Bank. The undersigned also warrants that all taxes, levies or fees imposed upon or in respect of any dealings with goods from the sales of which any of the Debts may have arisen or may hereafter arise, have been or will be fully paid and satisfied by the undersigned.

9. When requested by the Bank so to do, the undersigned shall promptly provide and deliver to the Bank in writing all information relating to the Debts including, without limitation, a list of all debtors of the undersigned with the amounts owing by each and the Securities therefor, and the Bank shall be entitled from time to time to inspect the Securities and Records or to take temporary custody thereof and for such purposes shall have access to all premises occupied by the undersigned.

10. When requested by the Bank so to do, the undersigned shall promptly do, make and execute such further assignments, transfers, deeds, financing statements or other documents, acts, matters and things as may by the Bank be required with respect to the Debts and Securities or any part thereof or to give effect to this assignment, and the undersigned does hereby irrevocably constitute and appoint the manager or acting manager of the office of the Bank at which any account of the undersigned is being carried as the true and lawful attorney of the undersigned, with full power of substitution and with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient, to do, make and execute all such assignments, transfers, deeds, financing statements, documents, acts, matters and things as the undersigned has by these presents agreed to do, make and execute or as may be required to give effect to these presents or in the exercise of the powers on the Bank hereby conferred. The undersigned waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification filed or issued at any time.

11. This assignment is given in addition to and not in substitution for any other assignment or other security heretofore given to and still held by the Bank and is taken by the Bank as additional security for the fulfilment of the aforesaid indebtedness, liabilities and obligations of the undersigned to the Bank and shall not operate as a merger of any simple contract debt or in any way suspend the fulfilment of, or prejudice or affect the rights, remedies and powers of the Bank in respect of the said indebtedness, liabilities or obligations or any securities now or hereafter held by the Bank for the fulfilment thereof.

12. If more than one undersigned executes this assignment the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the undersigned shall include the undersigned and each and every one of them severally and this assignment and all covenants and agreements herein contained shall be deemed to be joint and several and shall extend to any business carried on by the undersigned.


13. The provisions of this assignment shall enure to the benefit of the successors and assigns of the Bank and shall be binding upon the respective heirs, executors, administrators, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF the undersigned has executed this assignment this 31 day of May, 2011.

Witness (if Borrower individual(s))

IMPACT 2000 INC.

Per: _____



(affix Corporate Seal if a corporation)

Per: _____

EXHIBIT "3"

THIS IS EXHIBIT " 3 " "
referred to in the Affidavit of

MICHAEL VOLOVICH

Sworn before me this 22nd 24th

day of November A.D. 2012

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NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor



LIMITED LIABILITY GUARANTEE

For value received the undersigned ("Guarantor") hereby guarantees to CANADIAN WESTERN BANK ("Bank") payment, forthwith after demand made therefor as hereinafter provided, of all indebtedness and liability (present and future, direct or indirect, absolute or contingent, matured or not) of IMPACT 2000 INC. ("Customer") to the Bank whether arising from agreement or dealings between the Bank and the Customer or from agreement or dealings between the Bank and any third person by which the Customer now is or hereafter may become indebted or liable to the Bank or however otherwise arising and whether the Customer be bound alone or with another or others and whether as principal or surety or guarantor; provided that the liability of the Guarantor under this guarantee shall be limited to the sum of \$500,000 plus interest on such amount from the date of demand for payment until paid at a rate per annum equal to 3% above the rate published by the Bank from time to time as the Bank's prime lending rate, plus such further sums that may be payable or recoverable pursuant to paragraphs 11 and 13 hereof; and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several. This Instrument shall be read with all grammatical changes made necessary by the Guarantor's or Customer's gender.
2. The Bank may increase, reduce, renew, extend, discontinue or otherwise vary the Customer's credit, grant time, renewals, extensions, releases and discharges to, take and give up securities (which may include other guarantees), and otherwise deal with the Customer and other parties and securities as the Bank may see fit, and may apply all monies received from the Customer or others or from the sale or other disposal of security upon such part of the Customer's liability as the Bank may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of the Bank against the Customer or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be a continuing security for payment by the Customer to the Bank of all the indebtedness and liability aforesaid; provided that the Guarantor may determine his further liability under this guarantee by 30 days written notice given to the branch of the Bank at which this guarantee is held but, if such notice be given, this guarantee shall apply and extend to any indebtedness or liability of the Customer to the Bank incurred prior to the expiration of 30 days from the date of receipt of such notice by the said branch of the Bank.
4. The Bank shall not be bound to exhaust its recourse against the Customer or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of securities received by the Bank from the Customer or others, whether occasioned through the fault of the Bank or otherwise, shall not discharge or limit or lessen the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Customer, or, if the Customer is a partnership, any change or changes in the membership of the Customer's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Customer.
7. All monies, advances, renewals and credits borrowed or obtained from the Bank shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Customer or the directors, partners or agents thereof, or that the Customer may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to the Bank after demand therefor by the Bank.

8. Any account settled or stated by or between the Bank and the Customer shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Customer to the Bank is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Customer's indebtedness and liabilities have been paid in full. If the Bank should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Customer or the Customer's estate until the Bank's claims against the Customer have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Customer (whether voluntary or compulsory) or in the event that the Customer shall make a bulk sale of any of the Customer's assets within the bulk transfer provisions of any applicable legislations, or shall make any compromise with creditors or scheme of arrangement, the Bank shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to the Bank by the Customer. In the event of the valuation by the Bank of any of its securities and/or the retention of such securities by the Bank, such valuation and/or retention shall not, as between the Bank and the Guarantor, be considered as a purchase of such securities or as payment or satisfaction or reduction of the Customer's indebtedness or liabilities to the Bank, or any part thereof.
10. Any notice or demand which the Bank may wish to give may be served on the Guarantor either personally on him or his legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same registered mail in an envelope addressed to the last known address of the Guarantor as it appears on the Bank's records and the notice so sent shall be deemed to be received on the fifth business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Customer to the Bank, the Guarantor hereby grants to the Bank a security interest in all debts and liabilities, present and future, of the Customer to the Guarantor, all of which are hereby assigned by the Guarantor to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to the Bank, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of the Bank, be severed therefrom. A notice of termination given by the Guarantor pursuant to paragraph 3 shall not terminate the provisions contained in this paragraph 11, which shall continue in full force and effect until released in writing by the Bank. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment. The Guarantor further acknowledges that, at the Bank's option, any additional security granted by the Guarantor in support of this guarantee shall be deemed to be incorporated into this guarantee by reference. In particular, the Guarantor acknowledges that such additional security shall be valid without the necessity of a further Guarantees Acknowledgement Act certificate.
12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Customer to the Bank then outstanding, subject to the limit of liability of the Guarantor set forth above, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until the Bank has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default the Bank may maintain an action upon this guarantee whether or not the Customer is joined therein or separate action is brought against the Customer or judgment obtained against him. The Bank's rights are cumulative and shall not be exhausted by the exercise of any of the Bank's rights hereunder or otherwise against the Guarantor or by any successive actions until and unless all indebtedness and liability hereby guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
13. The Guarantor shall pay to the Bank on demand (in addition to all debts and liabilities of the Customer hereby guaranteed) all costs, charges and expenses (including, without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by the Bank for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by the Bank of each such cost, charge and

expense until payment by the Guarantor hereunder, at a rate per annum equal to 3% above the rate published by the Bank from time to time as the Bank's prime lending rate. A statement signed by any officer of the Bank confirming the Bank's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.

14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by the Bank. Without limiting the generality of the foregoing, all limits and evidence of liability pursuant to any guarantee now or hereafter held by the Bank shall be cumulative.
15. There are no representations, warranties, collateral agreements or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed or intended signatory or signatories.
16. This instrument shall be construed in accordance with the laws of Alberta, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the courts of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.
17. This instrument shall extend to and enure to the benefit of the successors and assigns of the Bank and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

GIVEN under seal at Calgary, Alberta, this 31 day of May, 2011.

corporate seal(s) if corporate guarantor

Witness

Witness

MIKE WOLOWICH

PATTY WOLOWICH

GUARANTEES ACKNOWLEDGEMENT ACT
Certificate of Notary Public

I hereby certify that

1. MIKE WOLOWICH of the City of Calgary, in the Province of Alberta, the Guarantor in the guarantee dated the 31 day of May, 2011, made between MIKE WOLOWICH, PATTY WOLOWICH and CANADIAN WESTERN BANK, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

2. I satisfied myself by examination of him/her that he/she is aware of the contents of the guarantee and understands it.

GIVEN at the City of Calgary, in the Province of Alberta, this 31 day of May, 2011, under my hand and seal of office.

STATEMENT OF GUARANTOR

I am the person named in this Certificate



A Notary Public in and for the Province of Alberta

William M. Gray
Barrister and Solicitor



MIKE WOLOWICH

GUARANTEES ACKNOWLEDGEMENT ACT
Certificate of Notary Public

I hereby certify that

1. PATTY WOLOWICH of the City of Calgary, in the Province of Alberta, the Guarantor in the guarantee dated the 31 day of May, 2011, made between MIKE WOLOWICH, PATTY WOLOWICH and CANADIAN WESTERN BANK, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

2. I satisfied myself by examination of him/her that he/she is aware of the contents of the guarantee and understands it.

GIVEN at the City of Calgary, in the Province of Alberta, this 31 day of May, 2011, under my hand and seal of office.

STATEMENT OF GUARANTOR


I am the person named in this Certificate

A Notary Public in and for the Province of Alberta

William M. Gray
Barrister and Solicitor

P. Wolowich
PATTY WOLOWICH

EXHIBIT "4"

THIS IS EXHIBIT " 4 " "
referred to in the Affidavit of
MICHAEL GOLDVICH
Sworn before me this ~~23rd~~ 24th
day of November A.D. 2012

NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
D. AARON STEPHENSON
Barrister & Solicitor

April 6, 2011

Impact 2000 Inc.
200, 3016 – 5th Ave. N.E.
Calgary, Alberta.
T2A 6K4

Attention: Mike Wolowich - President

Dear Sirs:

On the basis of the financial statements and other information provided by Impact 2000 Inc. (the "Borrower"), and by Mike and Patty Wolowich (the "Guarantors") in connection with your request for financing, Canadian Western Bank (the "Bank") has authorized the following loans subject to the terms and conditions outlined in this Commitment Letter (the "Agreement").

1. **LOAN AMOUNT:**

- 1.1. Loan Segment (1): Demand Operating Loan \$2,000,000.00 (also includes Corporate MasterCard to a maximum of \$60,000.00 (1a)).
- 1.2. Loan Segment (2): Term Reducing Loan #1 (TNR #1) \$700,000.00.

Collectively referred to as "the Loans".

2. **PURPOSE OF LOANS:**

Amounts advanced by the Bank are to be used by the Borrower as follows:

- 2.1. Loan Segment (1), (1a): To finance the day-to-day operations of the Borrower's business.
- 2.2. Loan Segment (2): To refinance existing outstanding equipment leases and working capital.

3. **INTEREST RATES:**

Loans shall bear interest while outstanding before and after maturity and default at the following rate(s):

- 3.1. Loan Segment (1): Interest to be paid at the greater of 4.5% per annum (the "Minimum Rate") and a rate of 1.5% per annum above the Bank's Prime Lending Rate ("Prime"). As of the date of this Agreement, Prime is 3.0% per annum. The MasterCard portion of the facility (1a) shall be at the scheduled rates offered by MBNA Canada.
- 3.2. Loan Segment (2): Subject to availability of funds, the Bank shall exercise its best efforts to obtain funds on a fixed rate basis acceptable to the Borrower and the Bank. At the time of this writing, our 42-month rate is 5.85%, however, it is subject to fluctuation up to and including the date of draw down.

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.



4. **ADVANCES:**

- 4.1. Loan segment (1) will revolve in multiples of \$25,000.00 and will be available following satisfaction of the Margin Conditions and Conditions Precedent as set forth in Schedules "B" and "D" herein attached.
- 4.2. Loan segment (2) shall be advanced on a lump sum basis following satisfaction of the Conditions Precedent as set forth in Schedule "D" herein attached.

5. **REPAYMENT:**

All amounts outstanding under all segments shall be repaid on demand. Unless demanded, the Bank will accept payment as follows:

- 5.1. Loan Segment (1): On demand
- 5.2. Loan Segment (2): To reduce by monthly blended principal and interest payments of approximately \$18,475.00. Payments are based on an amortization of 42-months.

6. **FEES:**

- 6.1. The Borrower shall pay to the Bank an application/commitment fee of \$13,500.00. The application portion of \$6,750.00 has been paid and is acknowledged with the commitment portion of \$6,750 payable to the Bank at the time of acceptance of this Agreement.
- 6.2. The Borrower shall pay a stand-by fee of .125% per annum on any unused portion of the operating credit, calculated on a daily basis and payable monthly in arrears on the last day of each month.
- 6.3. The Borrower shall pay a monthly revolving loan fee of \$150.00 to cover the cost of administration in monitoring and processing loan advances and pay downs in multiples of \$25,000.00 on the operating loan. This fee is in addition to the account's standard service charges.
- 6.4. The Borrower shall pay an annual review fee of \$3,375.00 (1/8 of 1%) each year in conjunction with the annual review (based on the Borrower's fiscal year end financial statements) to renew outstanding loans. Commencing with the 2013 annual review covering August 31, 2012 financial reporting.
- 6.5. The Borrower shall pay a late reporting fee of \$100.00 for each monthly report. In addition, a fee of \$100.00 per month, or portion thereof, shall apply for late provision of annual Financial Statements/Reporting after expiry of 120- day period.
- 6.6. The Borrower shall pay annual MBNA MasterCard fee of 1% of the authorized limit, payable January each year (minimum \$100).
- 6.7. The Borrower shall pay CWBdirect service fees as applicable.

7. **SECURITY:**

The attached Schedule "A" forms part of this Agreement.

8. **KEY COVENANTS/ CONDITIONS:**

The attached Schedule "B" forms part of this Agreement.

9. **REPORTING REQUIREMENTS:**

The attached Schedule "C" forms part of this Agreement.

10. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "D" forms part of this Agreement.

11. **GENERAL CONDITIONS:**

The attached Schedule "E" forms part of this Agreement.

12. **STANDARD LOAN TERMS AND DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement.

13. **REVIEW:**

All loans are subject to review at any time by the Bank, and in any event will be reviewed annually, based on the year-end financial statements of the Borrower.

14. **PREPAYMENT OF DEMAND NON REVOLVING LOAN(S):**

14.1. Prepayment of individual loan drawdown's are permitted without charges with the exception of loans drawn under the fixed rate option.

14.2. Loans drawn under the fixed rate option are subject to prepayment charges equal to the greater of the following:

- (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
- (b) a prepayment charge equal to the Bank's Unwinding Costs.

15. **COSTS:**

All costs, including, but not limited to, legal counsel expense, appraisal fees, cost consultant fees and reasonable out-of-pocket expenses incurred by the Bank in connection with the preparation and registration of this Agreement and the Bank's security and the enforcement of the Bank's rights under this Agreement or the Bank's security are for the account of the Borrower and this Agreement will serve as the Bank's authority to charge this amount to the Borrower's deposit account under advice to the Borrower.

16. **ASSIGNMENT BY BORROWER:**

The Borrower shall not assign or encumber its rights and obligations under the Loans, this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

17. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:
 Fraser Milner Casgrain LLP
 15th Floor, Bankers Court
 850 - 2nd Street S.W.
 Calgary, Alberta. T2P 0R8
 Attention: Gary J. Cochrane 403-268-7134

18. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that, if in the opinion of the Bank any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower or any Guarantor, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

19. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower and/or any Guarantor(s) hereafter, and the advance of any funds by the Bank. In the event of a conflict between the security documents and the terms of this letter, the terms of the security documents shall govern.

20. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

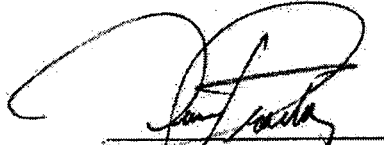
If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter together with your cheque for \$6,750.00, representing the commitment fee. This Agreement will expire if not accepted by April 21, 2011.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Yours truly,
CANADIAN WESTERN BANK



K.M. (Ken) Duke
AVP Commercial Banking



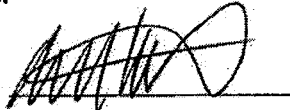
Dean Proctor
AVP & Deputy Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER:
Impact 2000 Inc.

Signed



Signed



Accepted

APRIL 10, 2011
Date

GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Signed


Mike Wolowich

Accepted

APRIL 10, 2011
Date

Signed


Patty Wolowich

Accepted

APRIL 10, 2011
Date

SCHEDULE "A" - DEMAND

SECURITY

All security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

- ✓ 1. General Security Agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions, supported by schedule "A" providing a first fixed charge on all major serial numbered pieces of equipment (with exception of 4 (four) Hagglund BV06 subject to outstanding lease with Wells Fargo;
2. Promissory Note in the amount of \$700,000.00; 6917
- ✓ 3. Revolving Credit Agreement in the amount of \$2,000,000.00;
- ✓ 4. General Assignment of Accounts Receivable by the Borrower to be registered in all appropriate jurisdictions;
- ✓ 5. Joint and Several Limited Liability Guarantee in the amount of \$500,000.00 from Mike Wolowich and Patty Wolowich in favor of the Bank guaranteeing all indebtedness of the Borrower to the Bank;
6. Assignment of Key Man Life Insurance covering the life of Mike Wolowich principal of the Borrower in a minimum amount of \$1,000,000.00. CWB
- ✓ 7. Assignment and Postponement of Creditors Claim executed by Mike and Patty Wolowich;
8. Evidence of Insurance coverage for full insurable values of all assets of the Borrower taken as security by the Bank with first loss payable to the Bank by way of standard mortgage clause;
9. Application/Agreement MBNA MasterCard; CWB
10. Such additional securities as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

The Borrower and Guarantors acknowledge and agree that the securities above described provided by the Borrower, support all loans and secure all indebtedness of the Borrower to the Bank.

SCHEDULE "B" - DEMAND

KEY COVENANTS/CONDITIONS

KEY COVENANTS:

The Borrower agrees:

1. to pay all sums of money when due under this Agreement;
2. to give the Bank prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default;
3. to maintain a "*Cash Flow Coverage Ratio*" of not less than 1.35 (tested annually);
4. to maintain "*Tangible Net Worth*" of not less than \$1,000,000.00 (tested annually, with 30-days to correct any breach);
5. to maintain a "*Debt to Tangible Net Worth Ratio*" to be determined at time of borrower first annual review (tested monthly, with 30-days to correct any breach);
6. to maintain a "*Current Ratio*" not less than 1.15:1 (tested monthly, with 30-days to correct any breach);
7. not to pay shareholders, officers or directors of the Borrower in the aggregate in any fiscal year, whether by way of salary, dividend, bonus, management or directors fees, loan, repayment of loan or other form of payment or withdrawal unless previously approved by the Bank any amount that would place the borrower in default of its financial covenants with the bank;
8. no inter-company advances will be made to related or subsidiary companies without the prior approval of the Bank;
9. not to incur commitments for Capital Expenditures or lease obligations aggregating in excess of \$150,000.00 in any one fiscal year of the Borrower, which shall not be cumulative from year to year unless previously approved in writing by the Bank;
10. to give the Bank 30 days prior notice in writing of any intended change in the ownership of its shares or any of its subsidiaries;
11. not to sell, transfer, convey, lease or otherwise dispose of any part of its property or assets, without the prior written consent of the Bank, except in the ordinary course of business;
12. not to change its name or merge, amalgamate or consolidate with any other corporation;
13. to insure and to keep fully insured all properties customarily insured by companies carrying on a similar business to that of the Borrower [including accidental pollution liability], business/rental interruption, general liability of \$2,000,000.00, etc.;
14. not to invest in, lend to, guarantee or otherwise provide for, on a direct or indirect or contingent basis, the payment of any monies or performance of any obligations by any third party except as provided herein;
15. to file on a timely basis, all material tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) and other potential Priority Claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
16. to comply with all applicable environmental laws and regulations; to advise the Bank promptly of any breach of any environmental regulations or licenses or any control orders, work orders, stop orders, action requests or violation notices received concerning any of the Borrower's property; to comply with any such requests or notices, to diligently clean up any spills; and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environment related liabilities existent now or in the future with respect to the Borrower's property;

17. to provide the Bank and its agents, nominees, and consultants with the right to enter the premises of the Borrower from time to time, and to carry out such environmental reviews as the Bank in its sole discretion deems advisable and in that connection to make good faith enquiries with government agencies and to examine the records, books, assets, affairs and business operations of the Borrower;
18. not to grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest, including a Purchase Money Security Interest (PMSI), or other encumbrance affecting any of its properties, assets or other rights other than a Normal Course Lien.

CONDITIONS:

LOAN SEGMENT (1)

MARGIN REQUIREMENTS

Total outstanding operating loans plus the approved MBNA credit card limit and Priority Claims* outstanding will not at any time exceed 65% of good Canadian trade accounts receivable acceptable to the bank, 50% non EDC insured US accounts receivable (to a maximum of \$500,000), and 90% of EDC insured US accounts receivable, with a pre-approved limit by EDC, as confirmed by EDC using the prevailing exchange rate on the day of margining less a 5% notional risk, excluding inter-company accounts, holdbacks receivables, and accounts payable contra as well as the entire outstanding balance of accounts where any portion exceeds 90 days .

Credit reports for accounts receivable exceeding \$100,000.00 (excluding well known public traded entities) will be obtained by the Bank no less frequently than annually, with the cost of obtaining such credit or such report to the account of the Borrower.

- * Priority Claims include deductions at source for Income Tax, Worker's Compensation, CPP and EI, GST, PST, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises.

SCHEDULE "C" - DEMAND
REPORTING REQUIREMENTS

The Borrower agrees to provide the following to the Bank:

1. aged listings of accounts receivable, accounts payable (segregated as to currency) as at the end of each month, together with form 1634 Monthly Statement of Borrowing Limit signed by an officer of the Borrower as correct, by the 20th day of the following month;
2. an Officers Compliance Certificate form 1636 monthly (within 20 days of month end)/annually (within 120 days of year end), certifying that all lending conditions and requirements are being complied with;
3. monthly financial statements including Balance Sheet/Income Statement and/or such other information as the Bank considers necessary by the 30th day of the following month;
4. minimum Review Engagement, annual financial statements of the Borrower commencing with fiscal year 2011 prepared by a firm of qualified professional accountants within 120 days of the Borrower's fiscal year-end, together with capital expenditure forecasts for the current fiscal year, showing purpose and source of financing;
5. minimum Notice to Reader annual financial statement of Prolific Energy Services Ltd. prepared by a firm of qualified professional accountants within 120 days of the Borrower's fiscal year-end.
6. bi-ennial updated personal net worth statement of Guarantors on the Canadian Western Bank forms duly completed and signed;
7. a Confirmation of Payable Status form 1054 on an annual basis;
8. any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably. Reasonable and appropriate time will be provided to the borrower to comply with any request made by the bank.

SCHEDULE "D" - DEMAND

CONDITIONS PRECEDENT TO DRAWDOWN/FORMAL APPLICATION

The following conditions precedent must be fulfilled prior to the Bank having any obligation to advance:

1. the Bank shall be satisfied with the business, assets and financial condition of the Borrower and Guarantors and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered, as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to the same;
2. any participation by way of equity, shareholders' loans, or other cash injection required under the terms of this Agreement must be in place and satisfactory evidence provided to the Bank confirming same;
3. the Borrower will provide a Confirmation of Payable Status, form 1054;

SCHEDULE "E" - DEMAND**GENERAL CONDITIONS****EVENTS OF DEFAULT**

1. Notwithstanding anything expressed or implied to the contrary, all indebtedness and liability of the Borrower to the Bank under this Agreement with the exception of Segment (2) Term reducing is deemed to be repayable **ON DEMAND** and such indebtedness and liability may be demanded by the Bank at any time in the Bank's sole and exclusive discretion. In addition to being of a demand nature, the full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
 - (a) the Borrower or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower of any other term or condition contained in this Agreement or in any other agreement to which the Borrower and the Bank are parties and the Borrower has not corrected such breach within 15 business days of notice having been provided to the Borrower;
 - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower is a party and the Borrower has not corrected such breach within 15 business days of notice having been provided to the Borrower;
 - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower and, if instituted against the Borrower are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
 - (e) a Receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
 - (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
 - (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrower, or any Guarantor of the Borrower; or
 - (ii) any property, equipment, or business activities of the Borrower or any Guarantor of the Borrower.

MISCELLANEOUS CONDITIONS

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or powers of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.

3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement and the security documentation to be provided by the Borrower pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Alberta.



SCHEDULE "F" – DEMAND

SCHEDULE – STANDARD LOAN TERMS

ARTICLE 1 – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate or the U.S. Base Rate, as the case may be, changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all our business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgagee Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement, our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).
- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional advisors and where required by law.

1.15. Pre-conditions. You may use the Loans granted to you under this Agreement only if:

- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
- (b) all the required security has been received and registered to our satisfaction;
- (c) any special provisions or conditions set forth in the Agreement have been complied with; and
- (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.

1.16. Notices. We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.

1.17. Use of the Operating Loan. You will use your Operating Loan only for your business operating cash needs. You are responsible for all debits from the Operating Account that you have either initiated (such as cheques, loan payments, pre-authorized debits, etc.) or authorized us to make. Payments are made by making deposits to the Operating Account. You may not at any time exceed the lesser of the Loan Amount and the maximum available under the Margin Requirements. We may, without notice to you, return any debit from the Operating Account that, if paid, would result in the Loan Amount being exceeded, unless you have made prior arrangements with us. If we pay any of these debits, you must repay us immediately the amount by which the Loan Amount is exceeded.

1.18. Non-Revolving Loans. The following terms apply to each Non-Revolving Loan:

- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
- (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:

- (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate or U.S. Base Rate (as the case may be). If the Prime Rate or U.S. Base Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate or U.S. Base Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate or U.S. Base Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we choose to do so.

- (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate or U.S. Base Rate (as the case may be).

- (c) **Demand of Fixed Rate Demand Non-Revolving Loans.** If you have a Fixed Rate Demand Non-Revolving Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of three (3) months interest calculated on the unpaid balance at the rate authorized or the Bank's Unwinding Costs.

ARTICLE 2 – DEFINITIONS

from the borrower regarding the re-investment and providing these loans are specifically postponed to the Bank.

2.1. **Definitions.** In this Agreement, the following terms have the following meanings:

"Agreement" means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

"Business Day" means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

"Cash Flow Coverage Ratio" means for any fiscal year the ratio of X to Y where:

X =
Net profit after tax
+ amortization/depreciation
+ all interest expenses
+ all taxes
= EBITDA

Y =
All interest paid or accrued during the trailing fiscal year + the Borrower's actual principal payment obligations for the trailing fiscal year under the CWB credit facility and any other document or agreement including without limitation:

- o in respect of any indebtedness for borrowed money as classified in the balance sheet of the Borrower and in accordance with generally accepted accounting principals; and
- o in respect of any capital lease in accordance with generally accepted accounting principles entered into by the Borrower.

"Current Assets" are cash, accounts receivable, inventory and other assets that are likely to be converted into cash, sold, exchanged or expended in the normal course of business within one year or less, excluding amounts due from related parties.

"Current Liabilities" means debts that are or will become payable within one year or one operating cycle, whichever is longer, excluding amounts due to related parties, and which will require Current Assets to pay. They usually include accounts payable, accrued expenses, deferred revenue and the current portion of long-term debt.

"Current Ratio" means the ratio of Current Assets to Current Liabilities.

"Customer Automated Funds Transfer (CAFT)" is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

"CWB Branch/Centre" means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

"CWBdirect" is a service available to allow customers the capability to access their bank accounts and general banking information using a personal computer with via the internet.

"Debt to Tangible Net Worth Ratio" means the ratio of Debt to Tangible Net Worth, where:

- (a) Debt is defined as: all liabilities listed on the balance sheet less loans from shareholders or affiliates where the bank has a registered postponement of claim. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be excluded from debt where written confirmation has been obtained from the borrower regarding the re-investment.
- (b) Tangible Net Worth is defined as: the aggregate of share capital, retained earnings, shareholder and affiliated company loans specifically postponed to the Bank, less intangible assets such as goodwill, investments in and advances to affiliated companies and any other asset determined by the Bank to be intangible. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be included in tangible net worth where written confirmation has been obtained

"Demand Non-Revolving Loan" means an instalment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

"Fixed Rate Loan" means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

"Intangibles" means assets of the business that have no value in themselves but represent value. They include such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, and deferred development costs.

"Letter of Credit" or "L/C" means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

"Lien" includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

"Loan" means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

"Loan Amount" of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

"Mandatory Capital Expenditures" means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

"Monthly Statement of Borrowing Limit" means the CWB form 1099 by that name, as it may from time to time be changed.

"Normal Course Lien" means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

"Operating Account" means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

"Postponed Debt" means any debt owed by you that has been formally postponed to the Bank.

"Principal Sum" means the loan balance outstanding.

"Priority Claims" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests.

"Prime Rate" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"Purchase Money Lien" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"Shareholders' Equity" means paid-in capital, retained earnings and attributed or contributed surplus.

"Standard Overdraft Rate" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

"Unwinding Costs" means the costs the Bank incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.

U.S. Base Rate means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.



REVOLVING CREDIT AGREEMENT


TO: CANADIAN WESTERN BANK (the "Bank")
606 – 4th Street S.W.
Calgary, Alberta T2P 1T1

FROM: IMPACT 2000 INC. (the "Borrower")

Re: **Revolving Line of Credit (the "Credit") Credit Limit: \$2,000,000**
(including letters of credit and letters of guarantee)

The Bank and the Borrower (jointly and severally if more than one) agree as follows:

1. The Borrower agrees to repay all amounts outstanding under the Credit On Demand, together with interest, calculated on the daily balance of the amount owing and payable monthly, both before and after demand and judgement, at the greater of Four and One Half Percent (4.5%) per annum (the "Minimum Rate") and a variable nominal rate per annum of One and One-Half (1.5%) percentage points above the Prime Lending Rate established from time to time with interest on overdue interest at the same rate; PROVIDED the interest rate hereunder above the Minimum Rate shall vary automatically on the day the Prime Lending Rate is varied by the Bank and without notice by the Bank to the undersigned. The "Prime Lending Rate" is the rate of interest established from time to time as the Bank's Prime Lending Rate for loans denominated in Canadian dollars, adjusted automatically upon any change by the Bank. The Bank's Prime Lending Rate is _____ per annum as of the date hereof.
2. The Bank may advance or re-advance funds under the Credit from time to time by credit to the Borrower's account # _____ (the "Account"). Advances or re-advances shall be in multiples of \$ _____ as required to meet directions to pay on or withdrawals or payments from the Account.
3. The Borrower acknowledges that the outstanding principal balance owing to the Bank under existing credit facilities (excluding any issued and outstanding letters of credit or letters of guarantee) which shall be replaced by this Credit, was \$ _____ as at the start of business on the date hereof. Such amount shall constitute the initial outstanding principal balance under the Credit, and all transactions and entries not included in such amount, whether entered into under such existing credit facilities or the Credit, shall be governed by this agreement from this date forward.

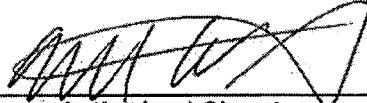
4. The Borrower agrees that at no time shall the amount owing under the Credit exceed the Credit Limit and that the Bank shall have no obligation to honour any request for funds which would have the effect of making the amount owing exceed the Credit Limit. Notwithstanding the foregoing, if at any time amounts advanced and outstanding on the Credit exceed the Credit Limit, any such overdraft which occurs in excess of the Credit Limit shall be governed by the provisions of this agreement except that the Bank may, in its sole discretion, impose on the amount of such overdraft, and the Borrower hereby agrees to pay thereon, a rate of interest equal to the Bank's highest overdraft interest rate established and published from time to time and chargeable on overdraft balances, even though such interest rate may be higher than the rate set out in paragraph 1 hereof, with interest on overdue interest at the same rate.
5. The Borrower authorizes the Bank to debit the Account to pay amounts outstanding under this agreement including without limitation interest, principal, administration fees, costs related to the preparation, perfection and enforcement of this agreement and any collateral securities or documents and recovery of amounts outstanding on the Credit, all of which fees and costs the Borrower agrees to pay on demand with interest after demand at the rate set out in paragraph 1. Any interest accrued on any such amounts which is not paid by the next date on which an interest installment is payable shall be compounded on such date and on all further installment dates until paid and, as overdue interest, bear interest at the same rate as on principal. All monies received by the Bank, whether by way of debit as aforesaid or otherwise, may be applied and allocated by the Bank to such parts of the outstanding indebtedness (whether by interest, principal, fees or other costs) as the Bank determines.
6. The Credit Limit shall include the Bank's liability or contingent liability under any letters of credit or letters of guarantee issued by the Bank in favour of the Borrower.
7.  ~~This agreement is given for advances by the Bank to the Borrower pursuant to the application for credit and promise to give security made by the Borrower to the Bank and dated the _____ day of _____, 20____, and any application(s) for credit and promise(s) to give security supplemental thereto, under section 427 of the Bank Act. The Borrower promises to give to the Bank from time to time, as often as requested by the Bank, warehouse receipts and/or bills of lading covering the property described in the said application(s) for credit and promise(s) to give security or any part thereof which is now or may hereafter be covered by warehouse receipts as security for the said advances. No such security shall be merged in any subsequent security or be taken to be substituted for any security previously acquired. [Delete paragraph #7 if Bank Act security not held and have Borrower initial deletion]~~
8. The Bank and the Borrower may be parties to other agreements relating to the Credit or the Account. In the case of a conflict between this agreement and such other agreements, such other agreements shall prevail. If there is no conflict, this agreement and such other agreements shall be read in conjunction with and as supplementary to each other. If the Bank at any time or from time to time takes a promissory note or notes from the Borrower representing any advances under the Credit, whether in whole or part and whether in the case of overdrafts or otherwise,

such note shall not extinguish or pay such advances but shall evidence the same only.

IN WITNESS WHEREOF the undersigned has executed this agreement this 31 day of May, 2010.

IMPACT 2000 INC.

(Borrower name)



Authorized Signatory

Witness (if Borrower individual(s))

Authorized Signatory



PROMISSORY NOTE – EQUAL PAYMENTS

(Fixed Rate Note)

OFFICE: 606 – 4th Street S.W., Calgary, Alberta T2P 1T1

DATE: May ____, 2011

For value received the undersigned, jointly and severally if more than one, promise(s) to pay to the order of CANADIAN WESTERN BANK at the above office of the Bank:

The principal sum of **(\$700,000) Seven Hundred Thousand Dollars** (hereinafter called the "Principal Amount") with interest, all as set out below.

Repayment shall be made as follows:

THE PRINCIPAL AMOUNT with interest thereon at the rate of _____ per cent per annum (both before and after maturity, default, and judgment) until paid calculated daily and compounded and payable monthly by installments comprising principal and interest of:

<u>No. of</u> <u>Payments</u>	<u>Amount of</u> <u>Each Payment</u>	<u>Payment Dates</u>						
		<u>Day</u>	<u>Month</u>	<u>Year</u>	<u>To</u>	<u>Day</u>	<u>Month.</u>	<u>Year</u>

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until the _____ day of _____, 20____ (the "Maturity Date") on which date the balance of the Principal Amount outstanding and all unpaid interest shall become due and payable.

Each installment will be applied first to payment of interest and secondly, in reduction of the Principal Amount. In the event that there is a failure to pay any amount of principal or interest in respect of this promissory note the whole of the Principal Amount then outstanding and all accrued interest thereon, shall forthwith become due and payable, at the option of the Bank. Overdue interest shall accrue interest at the rate noted above.

The undersigned waives presentation, protest and notice of dishonor and acknowledges that the debt evidenced by this Note constitutes all or a portion of the Indebtedness of the undersigned to CANADIAN WESTERN BANK.

IMPACT 2000 INC.

Per: _____

Per: _____

c/s

EXHIBIT "5"

THIS IS EXHIBIT " 5 "
referred to in the Affidavit of

MICHAEL SOLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2012

1987
NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor

GENERAL SECURITY AGREEMENT

IMPACT 2000 INC., a corporation incorporated pursuant to the laws of the Province of Alberta, whose place of business is located at 200, 3016 – 6th Avenue NE, Calgary Alberta (referred to in this agreement as the "**Debtor**"), in favor of **MICHAEL WOLOWICH AND PATRICIA WOLOWICH.**, individuals residing in the City of Calgary in the Province of Alberta, (referred to in this agreement as a "**Secured Party**" or collectively as the "**Secured Parties**").

WHEREAS, each of the Secured Parties has granted shareholder loans to and in favor of the Debtor;

AND WHEREAS, pursuant to Agreements made between the parties, the Secured Parties may in future advance further or additional shareholder loans to the Debtor for use by the Debtor in its business.

AND WHEREAS the parties wish to enter into this Security Agreement for purposes of securing the repayment to the Secured Parties of such funds;

NOW THEREFORE THIS SECURITY AGREEMENT WITNESSES THAT for good and valuable consideration (the receipt of which is hereby acknowledged by the Debtor), the Debtor hereby agrees with and in favor of the Secured Parties as follows:

1. Grant of Security Interest

- (a) For valuable consideration, the Debtor hereby grants, assigns, transfers, mortgages and charges to and in favor of the Secured Parties, as and by way of a fixed and specific mortgage and charge, and grants to the Secured Parties a security interest in, all of the Debtor's present and after-acquired personal property including without limitation all Goods (including Inventory and Equipment and without restricting the generality of the foregoing, the specific Goods outlined in Schedule A attached), Accounts, Chattel Paper, Documents of Title, Instruments, Intangibles, Money and Securities now owned or hereafter acquired by or on behalf of the Debtor (and all rights and interests now or hereafter held by or on behalf of the Debtor with respect to any of the foregoing) and also including, without limitation, all Proceeds of any of the foregoing (all of such property herein collectively called the "**Collateral**").
- (b) The grants, assignments, transfers, mortgages, charges and

security interests to and in favor of the Secured Parties herein created are collectively called the "**Security Interest**".

- (c) The Security Interest granted hereby shall not extend or apply to, and the Collateral shall not include, the last day of the term of any lease or agreement therefor; however, the Debtor will hold such last day in trust for the Secured Parties and upon the enforcement of the Security Interest the Debtor will assign the same as directed by the Secured Parties.
- (d) The terms "**Accessions**", "**Accounts**", "**Chattel Paper**", "**Documents of Title**", "**Equipment**", "**Goods**", "**Instruments**", "**Intangibles**", "**Inventory**", "**Money**", "**Proceeds**" and "**Securities**", including any singular or plural variation thereof whenever used herein shall be interpreted pursuant to the respective meanings given to such words in the *Personal Property Security Act* (Alberta), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "**PPSA**".
- (e) Any reference herein to the "**Collateral**" shall, unless the context otherwise requires, be deemed to be a reference to the Collateral or any part thereof.

2. Obligations Secured

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability, including shareholder loan indebtedness as owing by the Debtor to the Secured Parties (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety (hereinafter called the "**Indebtedness**"). If the Security Interest in the Collateral is not sufficient, in the event of a default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Parties shall be entitled to pursue full payment thereof.

3. Representations and Warranties of the Debtor

The Debtor represents and warrants and so long as this Security

Agreement remains in effect shall be deemed to continuously represent and warrant that:

- (a) the Collateral is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (hereinafter collectively called the **"Encumbrances"**), except for those prior registrations granted by the Debtor against various assets of the Debtor other than those assets set out in Schedule A.
- (b) each Account, Chattel Paper and Instrument forming part of the Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the **"Account Debtor"**), and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Secured Parties, whether in any proceeding to enforce the Collateral or otherwise;
- (c) the locations specified in Schedule B as to business operations and records are accurate and complete and with respect to the Goods (including Inventory) constituting the Collateral and the locations specified in Schedule B are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment;
- (d) the Collateral does not include any Goods that are used or acquired for use primarily for personal, family or household purposes;
- (e) the name of the Debtor has not changed since the date of its incorporation and there have been no amalgamations or mergers in the corporate history of the Debtor or any of its predecessors.

4. Covenants of the Debtor

So long as this Security Agreement remains in effect, the Debtor covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule A or hereafter approved in writing by the Secured Parties prior to their creation or assumption and not to sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral

or any interest therein without the prior written consent of the Secured Parties; provided always that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to Section 7 hereof, use Money available to the Debtor;

(b) to notify the Secured Parties promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's business or the Collateral, including without limitation:

(A) any change in the name of the Debtor;

(B) any change in the place of business of the Debtor or, if the Debtor has more than one place of business, in the chief executive office of the Debtor; and

(C) any change in the location of the Collateral;

(ii) the serial number (as prescribed by the regulations made under the PPSA) for use in registrations under the PPSA), model year, make and model of any motor vehicle, trailer, mobile home, aircraft airframe, boat, outboard motor for a boat or other Serial Number Goods (as such term is defined in the regulations made under the PPSA) at any time included in the Collateral which is held as Equipment, including in circumstances here the Debtor ceased to holding the same as Inventory and began holding the same as Equipment;

(iii) the details of any material claims or litigation affecting the Debtor or the Collateral;

(iv) any loss or damage to the Collateral;

(c) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

- (d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further pages identified as forming part of Schedule C hereto) as may be reasonably requested by the Secured Parties of or with respect to the Collateral in order to give effect to this Security Agreement and to pay all costs for searches and filings in connection therewith; and the Debtor hereby appoints the Secured Parties or any officer or manager from time to time of the Secured Parties or any branch of the Secured Parties the irrevocable attorney of the Debtor (with full power of substitution and delegation) to sign all documents and take such action as may be required to give effect to this provision;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when they become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Parties shall reasonably require with loss payable to the Secured Parties and the Debtor, as co-insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent the collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral, and mark any all such records and the Collateral at the Secured Parties's request so as to indicate the Security Interest and deliver to the Secured Parties from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;

- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings, relating to the Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (iv) all policies and certificates of insurance relating to the Collateral;
- (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Parties may reasonably request.

5. Verification of Collateral

The Secured Parties shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Parties may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Parties may reasonably request in connection therewith and for such purposes to grant to the Secured Parties or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

6. Securities

If the Collateral at any time includes Securities the Debtor authorizes the Secured Parties to transfer the same or any part thereof into its own name or that of its nominee so that the Secured Parties or its nominee may appear of record as the sole owner thereof; provided that, until default, the Secured Parties shall deliver promptly to the Debtor all notices or other communications received by it or its nominee as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Parties or its nominee as such registered owner and agrees that no proxy issued by the Secured Parties to the Debtor or its order as aforesaid shall thereafter be effective.

7. Collection of Accounts

Before or after default under this Security Agreement, the Secured Parties may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Accounts, Chattel Paper and Instruments forming part of the Collateral to the Secured Parties. The Debtor acknowledges that any payments on Accounts, Chattel Paper and Instruments forming part of the Collateral or other Proceeds of the Collateral received by the Debtor from Account Debtors or other parties, whether before or after notification of the Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by the Debtor in trust for the Secured Parties and shall be turned over to the Secured Parties upon request.

8. Income From and Interest on Collateral

- (a) Subject always to Section 7 hereof, the Debtor reserves the right, until default, to receive any amounts constituting income from or interest on the Collateral and if the Secured Parties receives any such amounts prior to default, the Secured Parties shall either credit the same to any bank or deposit account of the Debtor with the Secured Parties or to any of the Indebtedness or pay the same promptly to the Debtor;
- (b) After default, the Debtor will not request or receive any amounts constituting income from or interest on the Collateral and if the Debtor receives any such amounts, the Debtor will receive the same in trust for the Secured Parties and will pay the same promptly to the Secured Parties.

9. Increases, Profits, Payments or Distributions

- (a) Whether or not default has occurred, the Debtor authorizes the Secured Parties:
 - (i) to receive any increase in or profits on the Collateral (other than amounts constituting income from or interest on the Collateral) and to hold the same as part of the Collateral. Amounts constituting income from or interest on the Collateral shall be dealt with in accordance with Section 8 hereof;
 - (ii) to receive any payment or distribution upon

redemption or retirement of any Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as a part of the Collateral;

- (b) If the Debtor receives any such increase or profits (other than amounts constituting income from or interest on the Collateral received prior to default) or payments or distributions, the Debtor will receive the same in trust for and deliver the same promptly to the Secured Parties to be held by the Secured Parties as herein provided.

10. Disposition of Amounts

Subject to any applicable requirements of the PPSA and to the rights of the Secured Parties or any Receiver under this Security Agreement or the PPSA or other provision of law to make deductions in respect of costs, charges and expenses or to apply costs, charges and expenses as a first or prior charge on the proceeds of realization, collection or disposition of the Collateral, all amounts collected or received by the Secured Parties or any Receiver pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Secured Parties deems best or, at the option of the Secured Parties, may be held unappropriated in a collateral account or release to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Parties or any Receiver hereunder, and any surplus shall be accounted for as required by law.

11. Events of Default

The happening of any of the following events or conditions shall constitute default hereunder and is herein referred to as "**default**":

- (a) any Event of Default as defined in the Loan Agreement;
- (b) any representation or warranty made by the Debtor hereunder shall prove to have been incorrect in any material respect when made and, if capable of being remedied, shall not have been fully remedied within thirty (30) days after receipt by the Debtor from the Secured Parties of written notice thereof;
- (c) the Debtor shall fail to perform or observe any material term, covenant or agreement contained in this Security Agreement and such non-performance shall not be fully remedied within

a period of thirty (30) days after receipt by the Debtor from the Secured Parties of written notice thereof;

- (d) if any Encumbrance affecting the Collateral becomes enforceable against the Collateral; and
- (e) if the Secured Party in good faith and upon commercially reasonable grounds believes that the Collateral is or is about to be placed in jeopardy.

12. Acceleration

Upon default or at any time thereafter, the Secured Parties, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this Security Agreement are not intended in any way to and shall not affect any rights of the Secured Parties with respect to any Indebtedness which may now or hereafter be payable on demand.

13. Remedies

- (a) Upon default or at any time thereafter, the Secured Parties may appoint or reappoint by instrument in writing any person or persons, whether an officer or an employee or employees of the Secured Parties or not, to be a receiver or receivers (herein called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Secured Parties, and the Secured Parties shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, his servants, agents or employees. The Secured Parties may from time to time fix the Receiver's remuneration. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (in its existing condition or after any repair, processing or preparation for disposition) in such manner, at such time or times and place or places, for such

consideration and upon such terms and conditions as to the Receiver may seem reasonable including terms for deferred payment. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Debtor's business or as security for loans or advances or other credit to enable him to carry on the Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Parties, all amounts received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Parties. Every such Receiver may, in the discretion of the Secured Parties, be vested with all or any of the rights of the Secured Parties.

- (b) Upon default or at any time thereafter, the Secured Parties may make application to a court of competent jurisdiction for the appointment of a Receiver;
- (c) Upon default or at any time thereafter, the Secured Parties may, either directly or through its agents or nominees, exercise any or all of the powers and rights which could be available to a Receiver appointed pursuant to the foregoing subsection (a).
- (d) The Secured Parties may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default or at any time thereafter, the Secured Parties may sell, lease or otherwise dispose of the Collateral (in its existing condition or after any repair, processing or preparation for disposition) in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Parties may seem reasonable including terms for deferred payment.
- (e) In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Debtor and the Secured Parties and in addition to any other rights the Secured Parties or any Receiver may have at law or in equity, the Secured Parties shall have, both before and after

default, all rights and remedies of a Secured Parties under and to the extent provided in the PPSA. Provided always, that the Secured Parties or any Receiver shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of the Collateral or to institute any proceedings for such purpose. Furthermore, neither the Secured Parties nor any Receiver shall have any obligation to take any steps to preserve rights against other parties to any Security, Instrument or Chattel Paper and shall not be liable or accountable for failure to do so.

- (f) The Debtor acknowledges that the Secured Parties or any Receiver may take possession of the Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Secured Parties or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.
- (g) The Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Parties or any Receiver whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating any accounts of the Debtor with the Secured Parties, in discharging or satisfying any Encumbrances, borrowing, taxes and other outgoings affecting the Collateral, in keeping in good standing any Encumbrances on the Collateral ranking in priority to any Security Interest created by this Security Agreement, in preparing or enforcing this Security Agreement, in taking custody of, holding, preserving, repairing, processing, preparing for sale, lease or other disposition and selling, leasing or otherwise disposing of the Collateral, in carrying on the business of the Debtor and in enforcing or collecting the Indebtedness; and the Debtor further agrees that all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Secured Parties or any Receiver, as permitted hereby, shall be a first and prior charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.
- (h) The Secured Parties will give the Debtor such notice or notices, if any, with respect to the disposition of the Collateral as may be required by the PPSA.

- (i) The Receiver or the Secured Parties shall have power to make any sale, lease or other disposition of the Collateral as contemplated above in the name and on behalf of the Debtor or otherwise and the Receiver or any officer or manager from time to time of the Secured Parties or any branch of the Secured Parties is hereby appointed the irrevocable attorney of the Debtor (with full power of substitution and delegation) for the purpose of making any such sale, lease or other disposition and of executing agreements or documents and taking such action as is required to complete the same.

14. Miscellaneous

- (a) The Debtor hereby authorizes the Secured Parties to file such financing statements and other documents and do such acts, matters and things from time to time (including completing and adding or supplementing schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at the which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Secured Parties may deem appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints any officer or manager from time to time of the Secured Parties or any branch of the Secured Parties the true and lawful attorney of the Debtor, with full power of substitution and delegation, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.
- (b) Without limiting any other rights of the Secured Parties, whenever the Indebtedness is immediately due and payable or the Secured Parties has the right to declare the Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Parties may, in its sole discretion, set off against the Indebtedness any and all amounts then owed to the Debtor by the Secured Parties in any capacity, whether or not due, and the Secured Parties shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Parties's records subsequent thereto.

- (c) Upon the Debtor's failure to perform any of its obligations hereunder, the Secured Parties may, but shall not be obligated to, perform any or all of such obligations, and the Debtor shall pay to the Secured Parties, forthwith upon written demand therefor, an amount equal to the expense incurred by the Secured Parties in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 18% per annum, which amount and interest thereon shall be included in the Indebtedness secured hereby.
- (d) The Secured Parties may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromises, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Parties may see fit without prejudice to the liability of the Debtor or the Secured Parties's right to hold and realize the Security Interest. Furthermore, the Secured Parties may demand, collect and sue on the Collateral in either the Debtor's or the Secured Parties's name, at the Secured Parties's option, and may endorse the Debtor's name on any and all cheques, commercial paper and any other instruments pertaining to or constituting the Collateral.
- (e) No delay or omission by the Secured Parties in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver therefor or of any other right or remedy, and no single or partial exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Parties may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. No remedy herein conferred upon or reserved to the Secured Parties is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right and remedy given hereunder or now existing or hereafter to exist at law, in equity or by statute or pursuant to any other agreement or instrument between the Debtor and the Secured Parties that may be in effect from time to time.
- (f) The Debtor waives any protest of an Instrument constituting the Collateral at any time held by the Secured Parties on

which the Debtor is in any way liable and, subject to Section 13(h) hereof, notice of any other action taken by the Secured Parties.

- (g) In any action brought by an assignee of any interest of the Secured Parties in this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any set-off, claim or defence which the Debtor now has or hereafter may have against the Secured Parties.
- (h) Except for any supplements to Schedule C hereto or other schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of the Security Agreement shall be made except by a written agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (i) Subject to the requirements of Section 13(h) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered to the party for whom it is intended at the principal address of such party set forth on the first page hereof or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party set forth on the first page hereof or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) This Security Agreement and the Security Interest create hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Parties and is, and is intended to be a continuing Security Agreement and Security Interest.
- (k) This Security Agreement shall not merge in any subsequent security or be taken to be a substitute for any security of any nature whatsoever held by the Secured Parties from the Debtor. It is further agreed that the taking of the Security Agreement shall not operate as a merger of the remedies of the Secured Parties for payment, satisfaction or performance of the Indebtedness or of the remedies of the Secured

Parties under any other agreement and notwithstanding this Security Agreement and anything herein contained the said remedies shall remain available and be capable of enforcement against the Debtor and all other persons liable in respect thereof in the same manner and to the same extent as if this Security Agreement had not been made.

- (l) The headings used in this Security Agreement are for convenience of reference only and are not to be considered as part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (m) When the context so requires, the singular number shall be read as if the plural were expressed and vice versa and any reference to gender shall include the masculine, feminine and neuter gender.
- (n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.
- (o) Nothing herein contained shall in any way obligate the Secured Parties to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness or to make any advance to or to provide any credit accommodation for the Debtor.
- (p) The Security Interest created hereby is intended to attach (i) to existing Collateral when this Security Agreement is signed by the Debtor and delivered to the Secured Parties, and (ii) to Collateral subsequently acquired by the Debtor immediately upon the Debtor acquiring any rights in such Collateral. The Debtor and the Secured Parties do not intend to postpone the attachment of any Security Interest created by this Security Agreement.
- (q) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Alberta as the same may from time to time be in effect, including, where applicable, the PPSA.
- (r) Time shall be of the essence of this Security Agreement.

- (s) This Security Agreement shall enure to the benefit of and be binding upon the Secured Parties and the Debtor and their respective successors and assigns, provided that the Debtor shall not assign this Security Agreement without the Secured Parties's prior written consent.
- (t) Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies herein contained operating in favor of the Secured Parties, and which have been waived or varied by the Debtor herein, whether expressly or by implication, but which are by the provisions of the PPSA incapable of waiver or variance by the Debtor, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision of provisions herein.
- (u) The Debtor acknowledges receipt of a copy of this Security Agreement.
- (v) The Debtor hereby waives its right under the PPSA to receive a printed copy of any financing statement or financing change statement relating to this Security Agreement or any verification statement or other statement used by the Registry (as defined in the PPSA) to confirm the registration of any such financing statement or financing change statement.

15. Designated Representatives – Secured Parties

Notwithstanding anything to the contrary contained in this Agreement the Secured Parties agree that they have collectively designated Fred Moore and Brent Quinton (the "Designated Representatives") or the survivor of them to be the Secured Parties Designated Representatives relating to the Security Agreement and in particular such Designated Representatives shall:

- (a) be authorized to receive and provide notices to or from the Lender or any other party relating to the Secured Parties rights under this Security Agreement;
- (b) be authorized to file, register and discharge PPSA filings relating to this Security Agreement;
- (c) be authorized to provide instructions to Receivers or other parties relating to the enforcement of rights under this

Security Agreement or for the seizure, sale or release of any Collateral under this Security or the enforcement or non enforcement of any rights held by the Secured Parties under this Agreement.

SIGNED at Calgary, Alberta this 12 day of October, 2012.

IMPACT 2000 Inc.

Per:

A handwritten signature in black ink, appearing to read 'MIKE WOLOWICH', written over a horizontal line.

MIKE WOLOWICH

SCHEDULE A – Specific Goods

ZSystem – First Equipment Delivery

FIELD EQUIPMENT

<u>QTY</u>	<u>DESCRIPTION</u>
10	HHT, ZLand
5	Auxiliary Signal Recorder, 4 Channel

DATA DOWNLOAD EQUIPMENT – ZLAND

6	Data Collection & Charging Rack, Zland, including 30m Fibre Optic Cable, capable of simultaneous harvesting & charging of up to 48 Nodes. Maximum of 5 hours
1	Cable Assembly, Fibre-Optic, 100ft (30m)

DATA RECORDING STATION – ZLAND

1	Data Recorder ZLand Rack Assembly. Includes software to store imported Node seismic data, store imported shot information, monitor Node deployment, display & QC Node raw data, create receiver gather files.
2	Z Workstation, Shock Mounted, with Dual Monitors
3	Data Storage, Temporary, RAID 20TB
1	Server, Spread Manager ZLAND, complete with ESRI ArcEditor v10 software, including 1 year of maintenance
1	Docking station, 4 Bay ESATA & USB Interface Used with removable USB Hard Drives to record final output data.

SOFTWARE LICENSE AND MAINTENANCE

1	License Fee for use of all Software & Firmware developed by FuirfieldNodal and installed in the ZLand system. Maintenance Fee for the FairfieldNodal developed Software & Firmware is included for the first year. Annual
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Maintenance Fee for the Software & Firmware for subsequent years may be purchased at the then prevailing rate.

SUPPLEMENTARY ITEMS

- | | |
|----|--|
| 1 | Laptop PC with Diagnostic Test Software & Carrying Case |
| 1 | Kit ZLand Test Cables |
| 1 | Tool Kit, ZLand |
| 1 | Laser Printer, Color, Recorder |
| 1 | Printer Supplies, Z Recorder |
| 1 | Spares, DCCR, ZLand |
| 1 | Spares, RAID, 20TB |
| 20 | Hard Drive Assembly, USB, 500GB, removable Media for final data output |
| 1 | 36ft Demo Trailer, Used, as is. |

SCHEDULE B
LOCATION OF COLLATERAL

1. Locations of Debtor's Places of Business

Impact 2000 Inc.
200, 3016 5th Avenue NE
Calgary Alberta

2. Locations of Records Relating to Collateral

Impact 2000 Inc.
200, 3016 5th Avenue NE
Calgary Alberta

3. Locations of Collateral

Impact 2000 Inc.

~~200, 3016 5th Avenue NE~~
Calgary Alberta

1416 - 28th NE

EXHIBIT "6"

THIS IS EXHIBIT " 6 "
referred to in the Affidavit of

MICHAEL SLOVICH

Sworn before me this 28th 24th

day of November A.D. 2012

**NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA**

**D. AARON STEPHENSON
Barrister & Solicitor**

GENERAL SECURITY AGREEMENT

IMPACT 2000 INC., a corporation incorporated pursuant to the laws of the Province of Alberta, whose place of business is located at 200, 3016 – 6th Avenue NE, Calgary Alberta (referred to in this agreement as the “**Debtor**”), hereby grants this General Security Agreement in favor of **PROLIFIC ENERGY SERVICES LTD.**, a corporation with an office at 200, 3016 6th Avenue NE in the City of Calgary in the Province of Alberta, (referred to in this agreement as the “**Secured Party**”).

WHEREAS, the Secured Party has advanced monies and loans to and in favor of the Debtor;

AND WHEREAS the parties wish to enter into this Security Agreement for purposes of securing the repayment to the Secured Party of such funds and debts owing by Debtor in favor of Secured Party;

NOW THEREFORE THIS SECURITY AGREEMENT WITNESSES THAT for good and valuable consideration (the receipt of which is hereby acknowledged by the Debtor), the Debtor hereby agrees with and in favor of the Secured Party as follows:

1. Grant of Security Interest

- (a) For valuable consideration, the Debtor hereby grants, assigns, transfers, mortgages and charges to and in favor of the Secured Party, as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in, all of the Debtor's present and after-acquired personal property including without limitation all Goods (including Inventory and Equipment and without restricting the generality of the foregoing, the specific Goods outlined in Schedule A attached), Accounts, Chattel Paper, Documents of Title, Instruments, Intangibles, Money and Securities now owned or hereafter acquired by or on behalf of the Debtor (and all rights and interests now or hereafter held by or on behalf of the Debtor with respect to any of the foregoing) and also including, without limitation, all Proceeds of any of the foregoing (all of such property herein collectively called the “**Collateral**”).
- (b) The grants, assignments, transfers, mortgages, charges and security interests to and in favor of the Secured Party herein created are collectively called the “**Security Interest**”.

- (c) The Security Interest granted hereby shall not extend or apply to, and the Collateral shall not include, the last day of the term of any lease or agreement therefor; however, the Debtor will hold such last day in trust for the Secured Party and upon the enforcement of the Security Interest the Debtor will assign the same as directed by the Secured Party.
- (d) The terms "**Accessions**", "**Accounts**", "**Chattel Paper**", "**Documents of Title**", "**Equipment**", "**Goods**", "**Instruments**", "**Intangibles**", "**Inventory**", "**Money**", "**Proceeds**" and "**Securities**", including any singular or plural variation thereof whenever used herein shall be interpreted pursuant to the respective meanings given to such words in the *Personal Property Security Act* (Alberta), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "**PPSA**".
- (e) Any reference herein to the "**Collateral**" shall, unless the context otherwise requires, be deemed to be a reference to the Collateral or any part thereof.

2. Obligations Secured

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability, including loans and advances made by Secured Party to or on behalf of Debtor as well as any other indebtedness as owing by the Debtor to the Secured Party (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety (hereinafter called the "**Indebtedness**"). If the Security Interest in the Collateral is not sufficient, in the event of a default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Secured Party shall be entitled to pursue full payment thereof.

3. Representations and Warranties of the Debtor

The Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously

represent and warrant that:

- (a) the Collateral is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (hereinafter collectively called the **"Encumbrances"**), except for those prior registrations granted by the Debtor against various assets of the Debtor other than those assets set out in Schedule A.
- (b) each Account, Chattel Paper and Instrument forming part of the Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the **"Account Debtor"**), and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Secured Party, whether in any proceeding to enforce the Collateral or otherwise;
- (c) the locations specified in Schedule B as to business operations and records are accurate and complete and with respect to the Goods (including Inventory) constituting the Collateral and the locations specified in Schedule B are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment;
- (d) the Collateral does not include any Goods that are used or acquired for use primarily for personal, family or household purposes;
- (e) the name of the Debtor has not changed since the date of its incorporation and there have been no amalgamations or mergers in the corporate history of the Debtor or any of its predecessors.

4. Covenants of the Debtor

So long as this Security Agreement remains in effect, the Debtor covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule A or hereafter approved in writing by the Secured Party prior to their creation or assumption and not to sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the

Secured Party; provided always that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to Section 7 hereof, use Money available to the Debtor;

(b) to notify the Secured Party promptly of:

(i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's business or the Collateral, including without limitation:

(A) any change in the name of the Debtor;

(B) any change in the place of business of the Debtor or, if the Debtor has more than one place of business, in the chief executive office of the Debtor; and

(C) any change in the location of the Collateral;

(ii) the serial number (as prescribed by the regulations made under the PPSA) for use in registrations under the PPSA), model year, make and model of any motor vehicle, trailer, mobile home, aircraft airframe, boat, outboard motor for a boat or other Serial Number Goods (as such term is defined in the regulations made under the PPSA) at any time included in the Collateral which is held as Equipment, including in circumstances here the Debtor ceased to holding the same as Inventory and began holding the same as Equipment;

(iii) the details of any material claims or litigation affecting the Debtor or the Collateral;

(iv) any loss or damage to the Collateral;

(c) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

- (d) to do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further pages identified as forming part of Schedule C hereto) as may be reasonably requested by the Secured Party of or with respect to the Collateral in order to give effect to this Security Agreement and to pay all costs for searches and filings in connection therewith; and the Debtor hereby appoints the Secured Party or any officer or manager from time to time of the Secured Party or any branch of the Secured Party the irrevocable attorney of the Debtor (with full power of substitution and delegation) to sign all documents and take such action as may be required to give effect to this provision;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when they become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Secured Party shall reasonably require with loss payable to the Secured Party and the Debtor, as co-insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent the collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this Security Agreement;
- (h) to carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral, and mark any all such records and the Collateral at the Secured Party's request so as to indicate the Security Interest and deliver to the Secured Party from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;

- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings, relating to the Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (iv) all policies and certificates of insurance relating to the Collateral;
- (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request.

5. Verification of Collateral

The Secured Party shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Secured Party may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Secured Party may reasonably request in connection therewith and for such purposes to grant to the Secured Party or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

6. Securities

If the Collateral at any time includes Securities the Debtor authorizes the Secured Party to transfer the same or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof; provided that, until default, the Secured Party shall deliver promptly to the Debtor all notices or other communications received by it or its nominee as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Secured Party or its nominee as such registered owner and agrees that no proxy issues by the Secured Party to the Debtor or its order as aforesaid shall thereafter be effective.

7. Collection of Accounts

Before or after default under this Security Agreement, the Secured

Party may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Accounts, Chattel Paper and Instruments forming part of the Collateral to the Secured Party. The Debtor acknowledges that any payments on Accounts, Chattel Paper and Instruments forming part of the Collateral or other Proceeds of the Collateral received by the Debtor from Account Debtors or other parties, whether before or after notification of the Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by the Debtor in trust for the Secured Party and shall be turned over to the Secured Party upon request.

8. Income From and Interest on Collateral

- (a) Subject always to Section 7 hereof, the Debtor reserves the right, until default, to receive any amounts constituting income from or interest on the Collateral and if the Secured Party receives any such amounts prior to default, the Secured Party shall either credit the same to any bank or deposit account of the Debtor with the Secured Party or to any of the Indebtedness or pay the same promptly to the Debtor;
- (b) After default, the Debtor will not request or receive any amounts constituting income from or interest on the Collateral and if the Debtor receives any such amounts, the Debtor will receive the same in trust for the Secured Party and will pay the same promptly to the Secured Party.

9. Increases, Profits, Payments or Distributions

- (a) Whether or not default has occurred, the Debtor authorizes the Secured Party:
 - (i) to receive any increase in or profits on the Collateral (other than amounts constituting income from or interest on the Collateral) and to hold the same as part of the Collateral. Amounts constituting income from or interest on the Collateral shall be dealt with in accordance with Section 8 hereof;
 - (ii) to receive any payment or distribution upon redemption or retirement of any Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as

a part of the Collateral;

- (b) If the Debtor receives any such increase or profits (other than amounts constituting income from or interest on the Collateral received prior to default) or payments or distributions, the Debtor will receive the same in trust for and deliver the same promptly to the Secured Party to be held by the Secured Party as herein provided.

10. Disposition of Amounts

Subject to any applicable requirements of the PPSA and to the rights of the Secured Party or any Receiver under this Security Agreement or the PPSA or other provision of law to make deductions in respect of costs, charges and expenses or to apply costs, charges and expenses as a first or prior charge on the proceeds of realization, collection or disposition of the Collateral, all amounts collected or received by the Secured Party or any Receiver pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied on account of the Indebtedness in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unappropriated in a collateral account or release to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party or any Receiver hereunder, and any surplus shall be accounted for as required by law.

11. Events of Default

The happening of any of the following events or conditions shall constitute default hereunder and is herein referred to as "default":

- (a) any Event of Default as defined in the Loan Agreement;
- (b) any representation or warranty made by the Debtor hereunder shall prove to have been incorrect in any material respect when made and, if capable of being remedied, shall not have been fully remedied within thirty (30) days after receipt by the Debtor from the Secured Party of written notice thereof;
- (c) the Debtor shall fail to perform or observe any material term, covenant or agreement contained in this Security Agreement and such non-performance shall not be fully remedied within a period of thirty (30) days after receipt by the Debtor from the Secured Party of written notice thereof;
- (d) if any Encumbrance affecting the Collateral becomes

enforceable against the Collateral; and

- (e) if the Secured Party in good faith and upon commercially reasonable grounds believes that the Collateral is or is about to be placed in jeopardy.

12. Acceleration

Upon default or at any time thereafter, the Secured Party, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind. The provisions of this Security Agreement are not intended in any way to and shall not affect any rights of the Secured Party with respect to any Indebtedness which may now or hereafter be payable on demand.

13. Remedies

- (a) Upon default or at any time thereafter, the Secured Party may appoint or reappoint by instrument in writing any person or persons, whether an officer or an employee or employees of the Secured Party or not, to be a receiver or receivers (herein called a "**Receiver**", which term when used herein shall include a receiver and manager) of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Secured Party, and the Secured Party shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, his servants, agents or employees. The Secured Party may from time to time fix the Receiver's remuneration. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral (in its existing condition or after any repair, processing or preparation for disposition) in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Receiver may seem reasonable including terms for deferred payment. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon,

use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Debtor's business or as security for loans or advances or other credit to enable him to carry on the Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Secured Party, all amounts received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Secured Party. Every such Receiver may, in the discretion of the Secured Party, be vested with all or any of the rights of the Secured Party.

- (b) Upon default or at any time thereafter, the Secured Party may make application to a court of competent jurisdiction for the appointment of a Receiver;
- (c) Upon default or at any time thereafter, the Secured Party may, either directly or through its agents or nominees, exercise any or all of the powers and rights which could be available to a Receiver appointed pursuant to the foregoing subsection (a).
- (d) The Secured Party may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default or at any time thereafter, the Secured Party may sell, lease or otherwise dispose of the Collateral (in its existing condition or after any repair, processing or preparation for disposition) in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to Secured Party may seem reasonable including terms for deferred payment.
- (e) In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Debtor and the Secured Party and in addition to any other rights the Secured Party or any Receiver may have at law or in equity, the Secured Party shall have, both before and after default, all rights and remedies of a Secured Party under and to the extent provided in the PPSA. Provided always, that the Secured Party or any Receiver shall not be liable or accountable for any failure to exercise its remedies, take

possession of, collect, enforce, realize, sell, lease or otherwise dispose of the Collateral or to institute any proceedings for such purpose. Furthermore, neither the Secured Party nor any Receiver shall have any obligation to take any steps to preserve rights against other parties to any Security, Instrument or Chattel Paper and shall not be liable or accountable for failure to do so.

(f) The Debtor acknowledges that the Secured Party or any Receiver may take possession of the Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Secured Party or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

(g) The Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Secured Party or any Receiver whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating any accounts of the Debtor with the Secured Party, in discharging or satisfying any Encumbrances, borrowing, taxes and other outgoings affecting the Collateral, in keeping in good standing any Encumbrances on the Collateral ranking in priority to any Security Interest created by this Security Agreement, in preparing or enforcing this Security Agreement, in taking custody of, holding, preserving, repairing, processing, preparing for sale, lease or other disposition and selling, leasing or otherwise disposing of the Collateral, in carrying on the business of the Debtor and in enforcing or collecting the Indebtedness; and the Debtor further agrees that all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Secured Party or any Receiver, as permitted hereby, shall be a first and prior charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.

(h) The Secured Party will give the Debtor such notice or notices, if any, with respect to the disposition of the Collateral as may be required by the PPSA.

(i) The Receiver or the Secured Party shall have power to make any sale, lease or other disposition of the Collateral as contemplated above in the name and on behalf of the Debtor

or otherwise and the Receiver or any officer or manager from time to time of the Secured Party or any branch of the Secured Party is hereby appointed the irrevocable attorney of the Debtor (with full power of substitution and delegation) for the purpose of making any such sale, lease or other disposition and of executing agreements or documents and taking such action as is required to complete the same.

14. Miscellaneous

- (a) The Debtor hereby authorizes the Secured Party to file such financing statements and other documents and do such acts, matters and things from time to time (including completing and adding or supplementing schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at the which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Secured Party may deem appropriate to perfect and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints any officer or manager from time to time of the Secured Party or any branch of the Secured Party the true and lawful attorney of the Debtor, with full power of substitution and delegation, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.
- (b) Without limiting any other rights of the Secured Party, whenever the Indebtedness is immediately due and payable or the Secured Party has the right to declare the Indebtedness to be immediately due and payable (whether or not it has so declared), the Secured Party may, in its sole discretion, set off against the Indebtedness any and all amounts then owed to the Debtor by the Secured Party in any capacity, whether or not due, and the Secured Party shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Secured Party's records subsequent thereto.
- (c) Upon the Debtor's failure to perform any of its obligations hereunder, the Secured Party may, but shall not be obligated to, perform any or all of such obligations, and the Debtor shall pay to the Secured Party, forthwith upon written demand therefor, an amount equal to the expense incurred

by the Secured Party in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 18% per annum, which amount and interest thereon shall be included in the Indebtedness secured hereby.

- (d) The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromises, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize the Security Interest. Furthermore, the Secured Party may demand, collect and sue on the Collateral in either the Debtor's or the Secured Party's name, at the Secured Party's option, and may endorse the Debtor's name on any and all cheques, commercial paper and any other instruments pertaining to or constituting the Collateral.
- (e) No delay or omission by the Secured Party in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver therefor or of any other right or remedy, and no single or partial exercise thereof or the exercise of any other right or remedy. Furthermore, the Secured Party may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. No remedy herein conferred upon or reserved to the Secured Party is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right and remedy given hereunder or now existing or hereafter to exist at law, in equity or by statute or pursuant to any other agreement or instrument between the Debtor and the Secured Party that may be in effect from time to time.
- (f) The Debtor waives any protest of an Instrument constituting the Collateral at any time held by the Secured Party on which the Debtor is in any way liable and, subject to Section 13(h) hereof, notice of any other action taken by the Secured Party.
- (g) In any action brought by an assignee of any interest of the Secured Party in this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder,

the Debtor shall not assert against the assignee any set-off, claim or defence which the Debtor now has or hereafter may have against the Secured Party.

- (h) Except for any supplements to Schedule C hereto or other schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of the Security Agreement shall be made except by a written agreement executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (i) Subject to the requirements of Section 13(h) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered to the party for whom it is intended at the principal address of such party set forth on the first page hereof or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party set forth on the first page hereof or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) This Security Agreement and the Security Interest create hereby are in addition to and not in substitution for any other security now or hereafter held by the Secured Party and is, and is intended to be a continuing Security Agreement and Security Interest.
- (k) This Security Agreement shall not merge in any subsequent security or be taken to be a substitute for any security of any nature whatsoever held by the Secured Party from the Debtor. It is further agreed that the taking of the Security Agreement shall not operate as a merger of the remedies of the Secured Party for payment, satisfaction or performance of the Indebtedness or of the remedies of the Secured Party under any other agreement and notwithstanding this Security Agreement and anything herein contained the said remedies shall remain available and be capable of enforcement against the Debtor and all other persons liable in respect thereof in the same manner and to the same extent as if this Security Agreement had not been made.

- (l) The headings used in this Security Agreement are for convenience of reference only and are not to be considered as part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (m) When the context so requires, the singular number shall be read as if the plural were expressed and vice versa and any reference to gender shall include the masculine, feminine and neuter gender.
- (n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.
- (o) Nothing herein contained shall in any way obligate the Secured Party to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness or to make any advance to or to provide any credit accommodation for the Debtor.
- (p) The Security Interest created hereby is intended to attach (i) to existing Collateral when this Security Agreement is signed by the Debtor and delivered to the Secured Party, and (ii) to Collateral subsequently acquired by the Debtor immediately upon the Debtor acquiring any rights in such Collateral. The Debtor and the Secured Party do not intend to postpone the attachment of any Security Interest created by this Security Agreement.
- (q) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Alberta as the same may from time to time be in effect, including, where applicable, the PPSA.
- (r) Time shall be of the essence of this Security Agreement.
- (s) This Security Agreement shall enure to the benefit of and be binding upon the Secured Party and the Debtor and their respective successors and assigns, provided that the Debtor shall not assign this Security Agreement without the Secured Party's prior written consent.

- (t) Notwithstanding anything herein to the contrary, to the extent that the provisions of the PPSA impose obligations upon or restrict the rights or remedies herein contained operating in favor of the Secured Party, and which have been waived or varied by the Debtor herein, whether expressly or by implication, but which are by the provisions of the PPSA incapable of waiver or variance by the Debtor, the provisions of the PPSA shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to the said provisions of the PPSA without in any way affecting any other provision of provisions herein.
- (u) The Debtor acknowledges receipt of a copy of this Security Agreement.
- (v) The Debtor hereby waives its right under the PPSA to receive a printed copy of any financing statement or financing change statement relating to this Security Agreement or any verification statement or other statement used by the Registry (as defined in the PPSA) to confirm the registration of any such financing statement or financing change statement.

SIGNED at Calgary, Alberta this 19 day of October, 2012.

IMPACT 2000 Inc.

Per: 

SCHEDULE A – Specific Goods

ZSystem – First Equipment Delivery

FIELD EQUIPMENT

<u>QTY</u>	<u>DESCRIPTION</u>
10	HHT, ZLand
5	Auxiliary Signal Recorder, 4 Channel

DATA DOWNLOAD EQUIPMENT – ZLAND

6	Data Collection & Charging Rack, Zland, including 30m Fibre Optic Cable, capable of simultaneous harvesting & charging of up to 48 Nodes. Maximum of 5 hours
1	Cable Assembly, Fibre-Optic, 100ft (30m)

DATA RECORDING STATION – ZLAND

1	Data Recorder ZLand Rack Assembly. Includes software to store imported Node seismic data, store imported shot information, monitor Node deployment, display & QC Node raw data, create receiver gather files.
2	Z Workstation, Shock Mounted, with Dual Monitors
3	Data Storage, Temporary, RAID 20TB
1	Server, Spread Manager ZLAND, complete with ESRI ArcEditor v10 software, including 1 year of maintenance
1	Docking station, 4 Bay ESATA & USB Interface Used with removable USB Hard Drives to record final output data.

SOFTWARE LICENSE AND MAINTENANCE

1	License Fee for use of all Software & Firmware developed by FuirfieldNodal and installed in the ZLand system.
	Maintenance Fee for the FairfieldNodal developed Software & Firmware is included for the first year. Annual

Maintenance Fee for the Software & Firmware for subsequent years may be purchased at the then prevailing rate.

SUPPLEMENTARY ITEMS

1	Laptop PC with Diagnostic Test Software & Carrying Case
1	Kit ZLand Test Cables
1	Tool Kit, ZLand
1	Laser Printer, Color, Recorder
1	Printer Supplies, Z Recorder
1	Spares, DCCR, ZLand
1	Spares, RAID, 20TB
20	Hard Drive Assembly, USB, 500GB, removable Media for final data output
1	36ft Demo Trailer, Used, as is.

SCHEDULE B
LOCATION OF COLLATERAL

1. Locations of Debtor's Places of Business

Impact 2000 Inc.
200, 3016 5th Avenue NE
Calgary Alberta

2. Locations of Records Relating to Collateral

Impact 2000 Inc.
200, 3016 5th Avenue NE
Calgary Alberta

3. Locations of Collateral

Impact 2000 Inc.
1416 – 28 Street NE
Calgary Alberta

EXHIBIT "7"

THIS IS EXHIBIT " 7 " referred to in the Affidavit of

MICHAEL SOLOVICH

Sworn before me this 28th 24th

day of November A.D. 2012



NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor

Assignment Number: ES-012072

November 5, 2012

IMPACT 2000 INC.
c/o 900, 926-5th Ave SW
Calgary, Alberta T2P 0N7

**Order of Officer
Employer Notification**

Attention: Mike Wolowich;

An Order of Officer was issued with the incorrect amount and please find enclosed the Revocation of the Order of Officer ES-012072 as well as the new corrected Order of Officer

The investigation into the Employment Standards complaint filed by Katheryn Marie Fillion against IMPACT 2000 INC. is now complete. It has been determined that there are earnings owing to Katheryn Fillion. The Order of Officer and explanation of my decision is enclosed detailing the amounts due.

You have not responded to my last three messages left during the period of October 21st to October 26th, 2012. I have managed to obtain documents showing the pay still owing to Ms. Fillion of IMPACT 2000 INC.

In accordance with Employment Standards Regulation Section 60(1)(a)(b), an additional fee of 10% or \$100.00, whichever is greater, has been assessed against you and added to the amount of the Order of Officer. **Payment must be made in full within twenty-one (21) days from the date of service.** If Employment Standards does not receive payment in full, the Order will be filed with the Court of Queen's Bench and becomes enforceable as a judgment of that Court.

An appeal of the Order of Officer may be submitted within twenty-one (21) days from the date of service of the Order. A Notice of Appeal is enclosed for your use. The Notice of Appeal must specify reasons for the appeal and must be accompanied by either a money order or certified cheque for the full amount of the Order. Payment by a major credit card is also acceptable. The money will be held in trust pending the outcome of the hearing.

If you have any questions or need additional information, please feel free to contact me directly.

Sincerely,

Murray Adams
Employment Standards Officer - Technical Advisor

Enclosure: Revocation of Order of Officer, Order of Officer, Worksheet, Appeal Notice, Umpire Hearing Fact Sheet

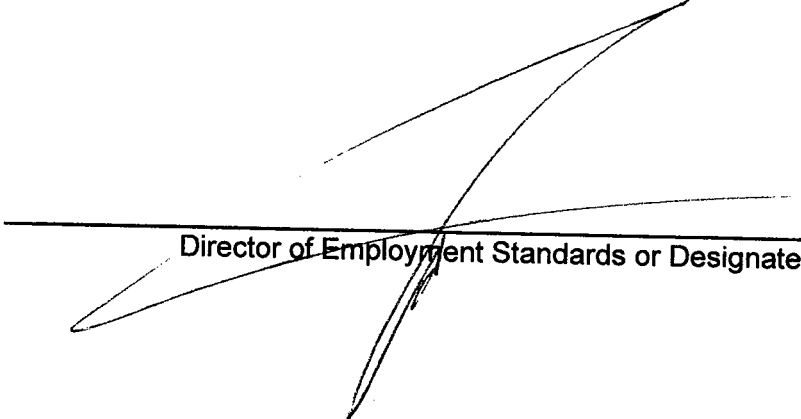
Alberta

Assignment Number: ES-012072

**REVOCATION OF
ORDER/CERTIFICATE/DECLARATION/COLLECTION NOTICE**

In accordance with Section 92 of the *Employment Standards Code*, the Director hereby revokes the Order/Certificate/Declaration/Collection Notice dated October 31st, 2012 in the amount of \$20169.97 issued against IMPACT 2000 INC. on behalf of Katheryn Marie Fillion.

DATED at Calgary, Alberta, this 5th day of November, 2012 .



Director of Employment Standards or Designate

ORDER OF OFFICER

In the matter of an investigation under the *Employment Standards Code*:

IMPACT 2000 INC.

of 900, 926 - 5TH AVENUE SW, CALGARY ALBERTA T2P 0N7

and

Katheryn Marie Fillion

This Order is issued under authority of section 87 of the Alberta Employment Standards Code. It has been determined that Katheryn marie Fillion is entitled to payment. IMPACT 2000 INC. is directed to pay the amount set out below to:

Director of Employment Standards

150 Guinness House of Elveden Centre

717-7 Avenue SW

Calgary, Alberta T2P 0Z3

Wages	\$ 10000.00
Overtime Pay	\$ 0.00
Vacation Pay	\$ 3720.94
General Holiday Pay	\$ 0.00
Pay in place of Notice of Termination of Employment	\$ 4615.40
Other	\$ 0.00
Owing to Employee	\$ 18336.34
Audit Fee	\$ 0.00
Order of Officer Fee	\$ 1833.63
Total Fees	\$ 1833.63
Total Amount Payable to Director of Employment Standards	\$ 20169.97


Murray Adams
Employment Standards Officer

November 5th, 2012
Date

Order of Officer
Excerpts from the *Employment Standards Code*

- 95(1)** A person who has a right of appeal to an umpire may appeal by serving on the Registrar written notice of appeal specifying the reasons for it.
- (2)** A notice of appeal must be served on the Registrar within 21 days of the date of service on the appellant of a copy of
- (a) a permit for the employment of an employee who has a disability,
 - (b) a single employer declaration,
 - (c) an order under Division 3,
 - (d) a collection notice, or
 - (e) a certificate under section 112(4)(b).
- (3)** A notice of appeal that is postmarked by the Canada Post Corporation within the 21 days referred to in subsection (2) and that is received by the Registrar outside of the 21-day period is deemed to have been received within the 21 days.
- (4)** A notice of appeal must be accompanied by
- (a) any fee payable under the regulations, and
 - (b) any amount the employer is required to pay under an order under Division 3, which must be provided in the form of a money order or certified cheque payable to the Director.
- (5)** When the Registrar considers that there are extenuating circumstances that warrant doing so, the Registrar may
- (a) waive or reduce a fee or other amount required to be paid when the notice of appeal is served, or
 - (b) accept security for the amount payable in another form and amount acceptable to the Registrar.
- 108(1)** When an umpire's award orders an employer to pay an amount to an employee, the Registrar must pay out any money paid when the appeal was filed, in accordance with the umpire's award.
- (2)** No interest is payable on money paid under subsection (1).
- (3)** If the amount of money paid by the Registrar under subsection (1) is less than the amount ordered to be paid to the employee, the Director may, in accordance with this Act, enforce the unpaid portion of the order.

110 If

- (a) an order of an officer or of the Director is not complied with and the time for an appeal has expired, or
- (b) an umpire's award is not complied with, the Director may file the order or award with the clerk of the Court in the judicial district in which the order or award was made, and the order or award is then enforceable as an order or judgement of the Court.

Excerpts from the Employment Standards Regulation

Section 60
Additional Fee

- 60(1)** Where an officer or the Director makes an order under section 87 or 89 of the Act, an additional fee is payable by the employer to the Crown in an amount equal to
- (a) 10% of the amount ordered to be paid under section 87 or 89 of the Act, or
 - (b) \$100, whichever is greater, for each employee in respect of whom the order was made.
- (2)** If under the authority of section 92 of the Act an officer or the Director revokes, amends or varies an order under section 87 or 89 of the Act, the fee under subsection (1) must
- (a) be refunded if the order is revoked,
 - (b) be reduced proportionately and the amount of the reduction refunded if the amount payable under the order is reduced, or
 - (c) be increased proportionately and the amount of the increase be paid to the Crown by the employer if the amount payable under the order is increased.

These excerpts are provided for convenience of reference only and have no legislative sanction. The original Act should be consulted for all purposes of interpreting and applying the law.

Officer Worksheet
Claim Number: ES012072

EMPLOYER
Impact 2000 Inc.
c/o 900, 926-5th Ave SW
Calgary, Alberta T2P 0N7

EMPLOYEE
Katheryn Marie Fillion

CALCULATION OF ENTITLEMENTS OWED

Length of service March 15th, 2006 – September 28th, 2012

Termination Reason Laid off

Wages Owed **\$10000.00***

Vacation Pay Owed **\$3720.94****

Termination Pay Owed **\$4615.40*****

* Employee was not paid her last wages from July 16th, 2012 = **\$10000.00**

** Vacation pay was not paid per employer's records = **\$3720.94**

***Employee was let go with no notice and not recalled to position

Yearly salary (48000.00) divided by 52 = \$923.08

Weekly salary (\$923.08) X 5(weeks pay in lieu of notice) = **\$4615.40**

Total amount owed to Katheryn Marie Fillion = \$18336.34

Prepared from Information from employer records
Prepared by M.D. Adams
Date completed November 5th, 2012

Employment Standards Code

NOTICE OF APPEAL

Assignment Number

TO: Registrar, Employment Standards
Main Floor, Elveden Centre
717 7 Avenue SW
Calgary, AB T2P 0Z3

LEGAL NAME OF EMPLOYER

BUSINESS NAME

ADDRESS OF EMPLOYER

I / WE APPEAL THE _____ ORDER, DECLARATION, OR NOTICE ISSUED ON _____ DATE OF ISSUE IN RESPECT
OF _____
NAME OF EMPLOYEE ON BEHALF OF WHOM ORDER, DECLARATION, PERMIT OR NOTICE ISSUED
BY _____. PRINT REASONS FOR APPEAL BELOW:
NAME OF EMPLOYMENT STANDARDS OFFICER

ATTACHED IS THE REQUIRED APPEAL DEPOSIT (TOTAL AMOUNT PAYABLE ON THE ORDER OF OFFICER)
\$ _____. (SEE ENCLOSURE FOR DETAILS)

PRINT NAME _____ ADDRESS _____
PHONE NO. _____
SIGNATURE _____ DATE _____

A NOTICE OF APPEAL, WITH DEPOSIT MUST BE SERVED ON THE REGISTRAR WITHIN 21 DAYS FROM DATE OF SERVICE
(REFER TO ENCLOSURE)

Notice of Appeal
Excerpts from the Employment Standards Code

- 87(1)** If an officer determines that earnings are due to an employee and is unable to mediate, settle or compromise the difference between the employer and employee, the officer must make an order requiring the employer to pay to the employee, or to pay to the Director on behalf of the employee earnings to which the employee is entitled.
- (2)** If an officer is unable to determine the amount of earnings that are due to an employee because the employer has not made or kept complete and accurate employment records, or has failed to make those records available to the officer for inspection, the officer may determine the amount in any manner the officer considers appropriate.
- (3)** The employer or employee may appeal the order of the officer to an umpire.
- 91(1)** An order under this Division must
- (a) name the employer to whom the order is directed,
 - (b) name the one or more employees in respect of whom the order is made, and
 - (c) specify the amount payable in respect of each employee named in the order.
- (2)** An order under this Division may also require an employer to pay the Director any fees payable to the Government under the regulations that are unpaid.
- (3)** A copy of an order under this Division must be served on
- (a) the employer to whom it is directed, and
 - (b) each employee in respect of whom it is made.
- (4)** An order under this Division may take into account deductions authorized or permitted under this Act but must not take into account a claim, counterclaim or set-off by an employer against an employee.
- 95(1)** A person who has a right of appeal to an umpire may appeal by serving on the Registrar written notice of appeal specifying the reasons for it.
-
- ~~**(2)** A notice of appeal must be served on the Registrar within 21 days of the date of service on the appellant of a copy of~~
- ~~(a) a permit for the employment of an employee who has a disability,~~
 - ~~(b) a single employer declaration,~~
 - ~~(c) an order under Division 3,~~
 - ~~(d) a collection notice, or~~
 - ~~(e) a certificate under section 112(4)(b).~~
- (3)** A notice of appeal that is postmarked by the Canada Post Corporation within the 21 days referred to in subsection (2) and that is received by the Registrar outside of the 21-day period is deemed to have been received within the 21 days.
- (4)** A notice of appeal must be accompanied by
- (a) any fee payable under the regulations, and
 - (b) any amount the employer is required to pay under an order under Division 3, which must be provided in the form of a money order or certified cheque payable to the Director.
- (5)** When the Registrar considers that there are extenuating circumstances that warrant doing so, the Registrar may
- (a) waive or reduce a fee or other amount required to be paid when the notice of appeal is served, or
 - (b) accept security for the amount payable in another form and amount acceptable to the Registrar.
- 108(1)** When an umpire's award orders an employer to pay an amount to an employee, the Registrar must pay out any money paid when the appeal was filed, in accordance with the umpire's award.
- (2)** No interest is payable on money paid under subsection (1).
- (3)** If the amount of money paid by the Registrar under subsection (1) is less than the amount ordered to be paid to the employee, the Director may, in accordance with this Act, enforce the unpaid portion of the order.
- 110** If
- (a) an order of an officer or of the Director is not complied with and the time for an appeal has expired, or
 - (b) an umpire's award is not complied with,
- the Director may file the order or award with the clerk of the Court in the judicial district in which the order or award was made, and the order or award is then enforceable as an order or judgement of the Court.

Employment Standards

Rights and responsibilities at work

PHONE: 780-427-3731

TOLL-FREE: 1-877-427-3731

ONLINE: employment.alberta.ca/esfactsheets

Employment Standards Umpire Hearings

March 2011

Section 95 of the *Employment Standards Code (Code)* sets out the requirements for an appeal to be filed by an employer or employee with a judge of the Provincial Court of Alberta sitting as Employment Standards Umpire (Umpire). The Director of Employment Standards (Director) is a party to every appeal to an Umpire and every proceeding resulting from an Order of Officer (order) or resulting from an Umpire's award.

If a party does not agree with a decision of Employment Standards on a matter in which a right of appeal exists, that party may file an appeal with an Employment Standards Umpire.

The *Code* requires that notice of appeal must be received by the Employment Standards Registrar (Registrar) within **21 days** of the date of service or be postmarked by the Canada Post Corporation within **21 days** from the date of service.

The time limit for receiving appeals cannot be extended for any reason.

Filing an appeal

An appeal may be filed in the following instances:

- If an employer or an employee disagrees with an order.
- If an employer or employee disagrees with the Director's or reviewing officer's order to pay earnings following a review of decision of an officer.
- If an employer, employee, or a person is affected by a single employer declaration.
- If an employer or an employee disagrees with a Director's collection notice.
- If a minimum wage exemption permit applies to an employer or a prospective employee.
- If an employer disagrees with a Director's order to reinstate an employee, to pay compensation to an employee, or to pay earnings to an employee.
- If a director of a corporation disagrees with a certificate issued by the Director.

Requirements for a valid appeal

For the appeal to be valid, the notice of appeal must:

- be in writing,
- include the reason(s) for the appeal, and/or
- if it is the employer that is appealing the order, include the amount that the employer is required to pay under the order, including the order fee.

The Registrar may waive or reduce the fee if the Registrar considers that there are extenuating circumstances. Lack of funds is not considered an extenuating circumstance. The Registrar may accept security for the amount payable in another form and amount acceptable to the Registrar.

Address for a notice of appeal

A notice of appeal may be sent to the Registrar at the following locations.

Northern Alberta

Employment Standards Registrar
7th Floor, Labour Building, 10808 99 Avenue NW
Edmonton, AB T5K 0G5

Appeals may be faxed to 780-644-7173.

Southern Alberta

Office of the Registrar
7th Floor Guinness House, Elveden Centre
717 – 7 Avenue SW, Calgary, AB T2P 0Z3

Appeals may be faxed to 403-297-2385.

Parties to an appeal

The parties to the appeal are the employer, the employee and the Director. A representative from the Registrar's office attends on behalf of the Director.

Under the *Code*, the Director is a party to every appeal to an Umpire and every proceeding resulting from an Umpire's award.

Hearing and proof of evidence on appeal

The Registrar's office will contact the parties in writing. The Registrar will obtain a date for the hearing and send a notice to the parties detailing the date, time and location. The Registrar may also discuss alternate ways to resolve the dispute.

Hearings are held in the provincial courthouse in the jurisdiction of the workplace.

At the hearing, the Director's representative presents the Director's interpretation of legislation and explains how the legislation applies to the case.

Parties may bring representatives to present their case, and witnesses to give evidence if they believe it is in their best interests, but are not required to do so.

Since the Umpire is provided with a copy of the order, declaration, collection notice, certificate under appeal, the officer's worksheet and the notice of appeal only, it is up to the parties to present the information that supports their case. Parties can bring witnesses who can provide information and answer questions about the issue under appeal. They can also bring relevant documents such as payroll records and other employment records. All evidence should be shared with all parties prior to the hearing.

An Umpire is granted authority by the *Code* to hear appeals and make awards (decisions). Before the hearing, the Umpire reviews the order, declaration, collection notice, certificate under appeal, the officer's worksheet and the notice of appeal. The Umpire may:

- receive new evidence and may compel the attendance of witnesses,
 - confirm, vary, revoke or substitute anything that is the subject of the appeal and issue a written decision,
 - do anything that the Director or officer could have done under the *Code*,
-
- direct an employee or employer to attend an educational program in employment standards, and/or
 - award costs subject to the regulations.

An Umpire's award must be in writing. It is final and cannot be appealed.

Disclaimer & copyright notice

This fact sheet contains general information, not legal advice. To interpret or apply the law, you must consult the *Employment Standards Code* and Employment Standards Regulation. This information is provided 'as is', without representation or warranty. The Government of Alberta will not be responsible for any loss or damage arising from your reliance on this information. This fact sheet is provided for your personal or educational use; it cannot be reproduced for commercial distribution.

EXHIBIT "8"

THIS IS EXHIBIT " 8 " "
referred to in the Affidavit of

MICHAEL SOLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2012

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NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor

Mike Wolowich

From: Mike Wolowich
Sent: October-02-12 11:36 AM
To: wolowich@telus.net
Subject: FW: wire

From: Ken Duke [mailto:Ken.Duke@cwbank.com]
Sent: August-01-12 8:00 AM
To: Mike Wolowich
Cc: Jason Lucas (jason.lucas@triplefive.com)
Subject: RE: wire

Mike, just to advise no funds received as at 8:00 a.m. Aug.1. If funds not received and in account by 1:00 p.m. today, the following cheques will be returned "Non Sufficient Funds"

#2118 \$824.44
#2054 \$370.77
#2096 \$674.44
#2086 \$824.44
#2113 \$574.44
#2112 \$824.44
#2094 \$1,024.44
#2111 \$2,061.92
#2117 \$1,254.21
#2105 \$724.44
#2098 \$824.44
#439 \$1,336.56

This would continue to leave the account in an overdraft position of \$30,368 prior to NSF charges. Also, none of the cheques listed below have cleared as yet and they too would be subject to refusal pending receipt of the wire and/or a covering deposit. We regret having to take this action, however we have been told that funds have been coming since July 27. We feel we have been accommodating to date by covering cheques presented up to this point.

From: Mike Wolowich [mailto:MikeW@impact2000inc.com]
Sent: July 31, 2012 3:02 PM
To: Ken Duke
Subject: RE: wire

Left message for Jason re wire confirmation numbers I know they have been in meetings all day might be hard to get quick answer sent email and text.

Mike

From: Ken Duke [mailto:Ken.Duke@cwbank.com]
Sent: July-31-12 2:54 PM
To: Mike Wolowich
Subject: RE: wire

Is there any kind of assurance you can provide that the wire has been ordered/sent other than people saying it has been done? Is there something from the US bank to confirm?

From: Mike Wolowich [<mailto:MikeW@impact2000inc.com>]

Sent: July 31, 2012 2:41 PM

To: Ken Duke

Subject: wire

Ken

Been a long day waiting for the funds to be transferred. The only pressing issue I have that I was hoping we would receive the wire by now so I could clear part of the monthly salary payroll. It appears as though the wire is not going to make our deadline and I was hoping you could help with the following paychecks to clear

Chq # 2062 Angela Lau	amt	\$2116.82
Chq# 2061 Andrew Kyrgoussios	amt	\$ 1529.71
Chq# 2060 Brian Kozun	amt	\$2479.24
Chq# 2058 Gord Desouza	amt	\$ 2269.62
Chq # 2057 Denise Clemens	amt	\$ 2484.62
Chq # 2065 Richard Paul	amt	\$ 4393.13
TOTAL		\$15,273.14

If you can help with this it would greatly appreciated.

Please let me know

Mike

No virus found in this message.

Checked by AVG - www.avg.com

Version: 10.0.1382 / Virus Database: 1513/3705 - Release Date: 06/15/11

Internal Virus Database is out of date.

EXHIBIT "9"

THIS IS EXHIBIT " 9 " referred to in the Affidavit of

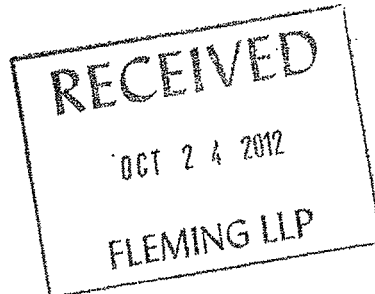
MICHAEL SOLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2010


NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor



WARD A. MATHER
Direct Telephone: (403) 298-0390
Direct E-mail: wmather@milesdavison.com
Assistant Ronda Cox: (403) 298-0374

Our File: 31920 SLB/WAM

October 24, 2012

SENT BY COURIER

Impact 2000 Inc.
#200, 3016 - 5 Avenue N.E.
Calgary, Alberta
T2A 6K4

✓ Impact 2000 Inc.
c/o Registered Office
Fleming LLP
#900, 926 - 5th Avenue S.W.
Calgary, Alberta
T2P 0N7
Attention: Mr. William Gray

Dear Sirs:

Re: Indebtedness to Canadian Western Bank
Formal Demand for Payment

We are the solicitors for Canadian Western Bank (the "Bank").

Your indebtedness to Canadian Western Bank is evidenced and secured by the following documents, among others:

- (a) Commitment Letter dated April 6th, 2011, as amended February 23rd, 2012;
- (b) Promissory Note dated July 21st, 2011, in the principal amount of \$700,000.00, with interest at a variable rate equal to Canadian Western Bank's Prime Rate plus

2.00% per annum;

- (c) General Security Agreement dated May 31st, 2011 over all present and after-acquired real and personal property and a fixed charge on all major serial numbered pieces of equipment;
- (d) General Assignment of Debts dated May 31st, 2011;
- (e) Revolving Credit Agreement dated February 24th, 2012 (the "Line of Credit") in the principal amount of \$2,000,000.00, with interest at the greater of 5% per annum (the "Minimum Rate") and a variable rate equal to Canadian Western Bank's Prime Rate plus 2.00% per annum;

You are in default of your obligations to the Bank for reasons which include the following:

- (1) you have ceased to carry on business;
- (2) there has been a material adverse change in your financial position;
- (3) you have not paid your obligations as they became due, and in particular you are substantially in arrears on your monthly loan payments and your premises rent;
- (4) you are currently in default of monthly reporting, which is now past due for the July 31st, 2012 reporting period;
- (5) the current excess under the operating Line of Credit was to have been covered by August 27th, 2012 and this has not occurred;
- (6) based on the latest account receivable listing provided, the Borrower is also presently in a short margin position with the Line of Credit.

Your credit facilities with the Bank are on a demand basis. The Bank formally advised you by correspondence dated September 11th, 2012, acknowledged on behalf of Impact 2000 Inc. and Michael Wolowich and Patricia Wolowich, that all outstanding facilities for Impact 2000 Inc. were to be repaid in full by the close of business on October 12th, 2012. The Bank has instructed us to advise you that, in view of your defaults, the principal, interest and all other monies owed by you are hereby declared to be due and payable in full.

On behalf of the Bank, we hereby make formal demand on you for payment of the total sum of

\$1,006,889.52 as at October 23rd, 2012, the particulars of which are as follows:

Loan #10341782, L#1

Principal	\$430,854.55
Interest to October 23rd, 2012	<u>708.25</u>
	\$431,562.80
Per Diem: \$59.02	
Interest Rate: Prime + 2.00% per annum	

Loan #10341782, L#2

Principal	\$540,233.26
Interest to October 23rd, 2012	<u>888.06</u>
	\$541,121.32
Per Diem: \$74.00	
Interest Rate: Prime + 2.00% per annum	

Loan #10341782, L#3 (Overdraft)

Principal	\$34,154.87
Interest to October 23rd, 2012	<u>50.53</u>
	\$34,205.40
Per Diem: \$16.84	
Interest Rate: 18.00% per annum	

Effective October 12th, 2012, CWB Prime was 3.00% per annum. On behalf of the Bank, we also demand payment of interest on the aforesaid amounts from October 23rd, 2012 at the applicable rate, subject to changes in CWB Prime from time to time, plus all costs, charges and expenses (including all solicitor-and-own-client legal expenses) incurred by the Bank on a full indemnity basis. Interest is calculated and payable monthly, with interest on overdue interest at the same rate and calculated and payable on the same basis.


You are required to pay the sums demanded on or before **Wednesday, November 7th, 2012**. The Bank's costs, charges and expenses to date, including legal expenses, are presently estimated in the sum of \$10,000.00. You should contact our office at the time of payment to confirm the exact amount outstanding, including interest and all costs at the time of payment. Failing payment in full as demanded, we will take all proceedings available to the Bank to collect the amounts owing.

We also enclose, for service upon you, a Notice of Intention to Enforce Security, given pursuant to Section 244 of the *Bankruptcy and Insolvency Act*.

Please govern yourselves accordingly.

Yours very truly,

MILES DAVISON LLP


WARD A. MATHER
WAM:rgc

cc: Canadian Western Bank, Attention: Mr. Derek Stokke/Mr. Ken Duke

e:\ronda\mkodocs\8400\31920.dem

FORM 115
NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))

TO: Impact 2000 Inc.
#200, 3016 - 5th Avenue N.E.
Calgary, Alberta, T2A 6K4

Impact 2000 Inc.
c/o Registered Office
#900, 926 - 5th Avenue S.W.
Calgary, Alberta, T2P 0N7

TAKE NOTICE THAT:

1. Canadian Western Bank, a secured creditor, intends to enforce its security on your property as described below:

- (a) All present and after-acquired personal property;
- (b) All present and after-acquired real property.

2. The security that is to be enforced is as follows:

- (a) Commitment Letter dated April 6th, 2011, as amended February 23rd, 2012;
- (b) Promissory Note dated July 21st, 2011, in the principal amount of \$700,000.00, with interest at a variable rate equal to Canadian Western Bank's Prime Rate plus 2.00% per annum;
- (c) General Security Agreement dated May 31st, 2011 over all present and after-acquired real and personal property and a fixed charge on all major serial numbered pieces of equipment;
- (d) General Assignment of Debts dated May 31st, 2011;
- (e) Revolving Credit Agreement dated February 24th, 2012 (the "Line of Credit") in the principal amount of \$2,000,000.00, with interest at the greater of 5% per annum (the "Minimum Rate") and a variable rate equal to Canadian Western Bank's Prime Rate plus 2.00% per annum;

3. The total indebtedness secured is \$1,006,889.52 as at October 23rd, 2012 the particulars of which are as follows:

Loan #10341782, L#1

Principal	\$430,854.55
Interest to October 23rd, 2012	<u>708.25</u>
	\$431,562.80
Per Diem: \$59.02	
Interest Rate: Prime + 2.00% per annum	

Loan #10341782, L#2

Principal	\$540,233.26
Interest to October 23rd, 2012	<u>888.06</u>
	\$541,121.32
Per Diem: \$74.00	
Interest Rate: Prime + 2.00% per annum	

Loan #10341782, L#3 (Overdraft)

Principal	\$34,154.87
Interest to October 23rd, 2012	<u>50.53</u>
	\$34,205.40
Per Diem: \$16.84	
Interest Rate: 18.00% per annum	

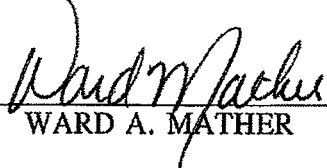
Effective October 12th, 2012, CWB Prime was 3.00% per annum. On behalf of the Bank, we also demand payment of interest on the aforesaid amounts from October 23rd, 2012 at the applicable rate, subject to changes in CWB Prime from time to time, plus all costs, charges and expenses (including all solicitor-and-own-client legal expenses) incurred by the Bank on a full indemnity basis. Interest is calculated and payable monthly, with interest on overdue interest at the same rate and calculated and payable on the same basis.

4. Canadian Western Bank will not have the right to enforce its security until after the expiry of the 10-day period following the sending of this notice, unless you consent to an earlier enforcement.

DATED at Calgary, Alberta, this 24th day of October, 2012.

CANADIAN WESTERN BANK, by its solicitors
MILES DAVISON LLP

Per: _____


WARD A. MATHER

CONFIDENTIAL EXHIBIT "10"

THIS IS EXHIBIT " 10 " "
referred to in the Affidavit of

MICHAEL SODOVICH

Sworn before me this 28th

day of November A.D. 2012

NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

EXHIBIT "11"

THIS IS EXHIBIT " 11 " "
referred to in the Affidavit of

MICHAEL SLOVICH

Sworn before me this 23rd 24th

day of November A.D. 2012

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NOTARY PUBLIC/COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

D. AARON STEPHENSON
Barrister & Solicitor

Ward Mather
Writer's Direct Line: (403) 298-0390
Email Address: wmather@milesdavisson.com
File No. 31920 WAM

November 21, 2012

Osler, Hoskin & Harcourt LLP
Suite 2500, 450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Alvarez & Marsal Canada Inc.
510, 639 – 5th Avenue S.W.
Calgary, Alberta
T2P 0M9

**Attention: Mr. A. Robert Anderson, Q.C.
and Mr. Doug Schweitzer**

Attention: Mr. Orest Konowalchuk

Dear Sirs:

Re: In the Matter of the Notice of Intention to Make a Proposal filed by Impact 2000 Inc.

We are counsel for Canadian Western Bank. Our client has carefully considered the information provided to it by Impact 2000 Inc. and Alvarez & Marsal Canada Inc. Canadian Western Bank is the first secured creditor of Impact 2000 Inc. and holds security against all of the present and after-acquired property of Impact 2000 Inc.

Canadian Western Bank is not prepared to support any Proposal filed by Impact 2000 Inc., either as a secured creditor or, to the extent of any anticipated deficiency, as an unsecured creditor.

Canadian Western Bank does not consent to any leases of equipment by Impact 2000 Inc., all of which is subject to the security held by Canadian Western Bank, nor does the Bank consent to any lease payments or other receipts or revenues of any nature or kind being directed to anyone other than Canadian Western Bank and, in particular, the Bank does not consent to any lease payments or other receipts or revenues of any nature or kind being used to pay any management and consulting fees or professional fees incurred or to be incurred by Impact 2000 Inc.

Canadian Western Bank wishes to immediately proceed to enforce its security. Formal demand for payment has been made and notice of its intention to enforce its security has been duly served.

In light of our client's position, an application by Impact 2000 Inc. to extend the time for filing a Proposal will clearly not succeed and, if pursued, will be vigorously opposed by Canadian Western Bank. Any legal costs incurred by the Bank in opposing an extension application will of course be added to the amounts ultimately owed by Impact 2000 Inc. and its guarantors.

We request that you consent to an Order immediately terminating the Proposal proceedings so that Canadian Western Bank may take steps to proceed to enforce its security.

We trust you will find the foregoing to be in order.

Yours truly,

MILES DAVISON LLP


WARD MATHER
WAM/am

**MILES
DAVISON LLP**