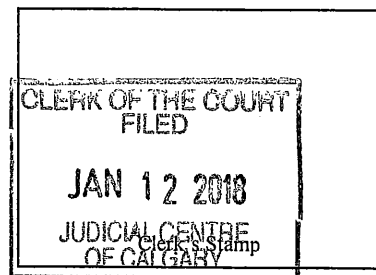


COURT FILE NUMBER 1701-08853
COURT QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY OF STARKE DOMINION LTD.

PLAINTIFF (APPLICANT) PARAGON CAPITAL CORPORATION LTD.

DEFENDANT (RESPONDENT) STARKE DOMINION LTD.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Carscallen LLP**
900, 332 - 6 Avenue S.W.
Calgary, Alberta T2P 0B2
Telephone: (403) 262-3775
Attention: Michael J. Whiting
File No.: 27064.005

AFFIDAVIT OF KEN FEDORETZ

Sworn on January 12, 2018

I, KEN FEDORETZ, of Calgary, Alberta, SWEAR AS FOLLOWS:

1. I am the Vice President of Business Development at Paragon Capital Partners, formerly Paragon Capital Corporation Ltd., and Paragon Capital Corp. Inc. (collectively, "Paragon"), and as such I have personal knowledge of the facts and matters hereinafter sworn to, except where stated to be based on information and belief, in which case I believe the same to be true.
2. Paragon is in the business of providing financing for projects and business ventures ranging in scope from multi-family residential construction projects to large-scale subdivision developments and office and retail complexes.
3. Starke Dominion Ltd. ("Starke") is a body corporate incorporated pursuant to the laws of the Province of Alberta, and carries on business in the City of Calgary, in the Province of Alberta. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a copy of the Alberta Corporate Registries search of Starke.

4. Insofar as Paragon is aware, Starke's sole asset is the land and commercial building located at 906-12th Avenue S.W., Calgary, Alberta, known as Dominion Place ("Dominion Place"), which land is legally described as:

PLAN A1
BLOCK 74
LOTS 21 to 34 INCLUSIVE
EXCEPTING THEREOUT THE ROAD WIDENING
ON PLAN 8211695
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Lands"). Now shown to me and marked as **Exhibit "B"** to this my Affidavit is a copy of the Certificate of Title for the Lands.

Loan Agreements and Security

5. On or about January 30, 2015, Starke executed a Loan Agreement in favor of Paragon, giving rise to a loan in the original principal amount of \$25,000,000.00 with an initial fixed rate of interest of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity (the "Loan Agreement"). Now shown to me and marked as **Exhibit "C"** to this my Affidavit is a copy of the Loan Agreement.
6. In further support of the funds advanced by Paragon to Starke as referenced in the Loan Agreement, on or about February 19, 2015, Starke executed a Promissory Note in favour of Paragon (the "Promissory Note"), wherein Starke agreed to pay to Paragon the sum of \$25,000,000.00, together with interest thereon at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity. Now shown to me and marked as **Exhibit "D"** to this my Affidavit is a copy of the Promissory Note.
7. Pursuant to the terms of the Loan Agreement and Promissory Note, Starke agreed to pay interest in monthly installments of \$118,750.00, on the first day of each and every month, in each and every year, from and including the date of the advance to Starke through to and including March 1, 2017, when all amounts outstanding under the terms of the Loan Agreement and Promissory Note were due and payable.
8. By the terms of a Mortgage dated February 19, 2015, and registered at the Land Titles Office for the South Alberta Land Registration District on March 5, 2015 as Instrument No. 151 065 139 (the "Mortgage"), Starke mortgaged to Paragon all of its estate and interest in the Lands. The Mortgage secures the payment of the sum of \$25,000,000.00 advanced by Paragon to Starke, plus interest at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity. Now shown to me and marked as **Exhibit "E"** to this my Affidavit is a copy of the Mortgage.

9. By the terms of the Mortgage, Starke covenanted and agreed to, *inter alia*:
- (a) pay to Paragon interest only payments in monthly installments of \$118,750.00, on the first day of each and every month, in each and every year, from and including April 1, 2015, through to and including March 1, 2017;
 - (b) pay to Paragon the balance of the principal owing and any applicable interest, costs, charges and expenses on March 1, 2017; and
 - (c) pay for all liens, taxes, rates, charges or encumbrances on the said Lands which may fall due or be unpaid, and also to insure any buildings on the said Lands against damage by fire, in default of all or any of which Paragon should have the right to do the same, and add to the said Mortgage all costs and expenses incurred by Paragon in that regard and in respect of any proceedings taken to realize the monies secured by the said Mortgage, including all costs and expenses, legal fees (on a solicitor and his own client full indemnity basis) and disbursements incurred.
10. As additional security to the Mortgage, on or about February 19, 2015, Starke executed a General Security Agreement in favour of Paragon (the "General Security Agreement"), thereby encumbering all of Starke's present and after acquired personal property. The General Security Agreement was registered and perfected by Paragon at the Personal Property Registry of Alberta on February 25, 2015, being registration 15022503553. Now shown to me and marked collectively as **Exhibit "F"** to this my Affidavit is a copy of the General Security Agreement and the Alberta Personal Property Registry search results.
11. On or about February 10, 2017, Paragon and Starke entered into an Extension Agreement, extending the term of the Mortgage (the "Extension Agreement"). Pursuant to the terms of the Extension Agreement, all indebtedness owed to Paragon was to be repaid by Starke to Paragon on or before March 1, 2018. Starke agreed to pay a renewal fee of \$375,000.00, which was capitalized and added to the principal sum of \$25,000,000.00, with an interest rate of 5.70% per annum on all outstanding indebtedness, compounded monthly. Further to the terms of the Extension Agreement, Starke agreed to pay to Paragon interest only payments in the amount of \$118,750.00 per month. Starke further agreed to at all times maintain a minimum debt service coverage of 1.25X utilizing actual net operating income and actual mortgage payments. Now shown to me and marked as **Exhibit "G"** to this my Affidavit is a copy of the Extension Agreement.
12. As per the terms of the Extension Agreement, on April 21, 2017 a Mortgage Amending Agreement was registered against the Lands, which extended the maturity dated of the Mortgage to March 1, 2018 (the "Mortgage Amending Agreement"). Now shown to me and marked as **Exhibit "H"** to this my Affidavit is a copy of the Mortgage Amending Agreement.

13. Concurrent with the registration of the Mortgage Amending Agreement, Paragon registered the Order of the Honourable Justice Mahoney pronounced on March 31, 2017, which ordered and declared that the following registrations on the Lands be postponed to and stand in priority behind the Mortgage and the Mortgage Amending Agreement, including all amounts owing thereunder:
- (a) Registration No. 131 019 632;
 - (b) Registration No. 131 046 054;
 - (c) Registration No. 131 228 815;
 - (d) Registration No. 131 269 927;
 - (e) Registration No. 171 005 807;
 - (f) Registration No. 171 005 808; and
 - (g) Registration No. 171 025 934.

Now shown to me and marked as **Exhibit "I"** to this my Affidavit is a copy of said Order.

Starke's Default, Demand and Notice

14. In or about June of 2017, default was made by Starke under the terms of the aforementioned Loan Agreement, Promissory Note and Extension Agreement (the "Loan Agreements") and the Mortgage and Mortgage Amending Agreement (the "Security"), which included, *inter alia*, Starke's failure to maintain a minimum debt service coverage of 1.25X utilizing actual net operating income and actual mortgage payments, the failure to fully advise and report to Paragon with respect to tenants vacating the lands, the failure to remit GST and other statutory remittances as and when required and the failure to notify Paragon and to obtain the written permission of Paragon with respect to all subsequent encumbrances registered against title to the Lands.
15. As a result of the events of default, as referenced herein, Paragon issued written demand for repayment to Starke, including a Notice of Intention to Enforce Security, being Form 86 of the *Bankruptcy and Insolvency Act* of Canada. Notwithstanding the issuance of the written demand letter and the Notice of Intention to Enforce Security, Starke failed and neglected to satisfy the indebtedness owing to Paragon. Now shown to me and marked as **Exhibit "J"** to this my Affidavit is a copy of the written demand and the Notice of Intention to Enforce Security.

16. On June 30, 2017, Paragon commenced the within action against Starke by filing and thereafter serving its Statement of Claim.

Agreement to Forebear

17. By an agreement dated August 31, 2017, Paragon and Starke agreed that the indebtedness to Paragon as of August 8, 2017 was \$25,418,144.26, with per diem interest thereafter of \$3,965.07 and costs (the "Forbearance Agreement"). Further, the parties agreed, subject to certain terms and conditions set forth in the Forbearance Agreement, that Paragon would forbear enforcement of the indebtedness owed to it by Starke until on or after March 1, 2018. As partial consideration for Paragon's agreement to forbear, a Consent Redemption Order was entered into by the parties, which was to be held unsigned and unfiled by Paragon unless and until Starke committed an event of default under the terms of the Forbearance Agreement. Now shown to me and marked as **Exhibit "K"** to this my Affidavit is a copy of the Forbearance Agreement.

Default of the Agreement to Forebear

18. Starke defaulted under the terms of the Forbearance Agreement, the specifics of which include, *inter alia*, a significant increase in Starke's account payables from the date of the Forbearance Agreement. In fact, as of December 1, 2017, Starke's payables over 90 days totalled \$148,960.98, including \$64,767.63 past due to Enmax Energy.
19. On October 17, 2017, Paragon notified Starke of its default under terms of the Forbearance Agreement, providing Starke with an opportunity to cure the default as permitted under the Forbearance Agreement. Now shown to me and marked as **Exhibit "L"** to this my Affidavit is a copy of the notice of default issued to Starke.
20. Starke failed to cure its default of the Forbearance Agreement within the time permitted under Agreement, or at all. Accordingly, Paragon instructed its legal counsel to proceed to have the Consent Redemption Order signed and filed with the Court of Queen's Bench of Alberta.
21. In advance of appearing before the Court of Queen's Bench of Alberta to apply to have the Consent Redemption Order signed, I am advised by Paragon's legal counsel, Michael J. Whiting, that he provided written notice to Starke's legal counsel of the decision to appear before the Court of Queen's Bench of Alberta to have the Consent Redemption Order signed. Now shown to me and marked as **Exhibit "M"** to this my Affidavit is a copy of the correspondence issued by Mr. Whiting.

Consent Redemption Order

22. I am advised by Mr. Whiting that on November 6, 2017, Master J.L Mason granted the Consent Redemption Order on the condition that Paragon was not to take any enforcement steps with respect to the Consent Redemption Order until it has provided all subsequent encumbrancers with a filed copy. Now shown to me and marked as **Exhibit "N"** to this my Affidavit is a filed copy of the Consent Redemption Order.

23. The Consent Redemption Order provides, *inter alia*, that:
- (a) Starke or anyone else entitled to do so shall have until the March 1, 2018 (the "Redemption Date") to repay the indebtedness, failing which the mortgaged lands shall be offered for sale in the manner described in the Judicial Listing Agreement; and
 - (b) The listing price shall be set at \$32,000,000 or such higher value as the listing agent may recommend.
24. I am advised by Mr. Whiting that all subsequent encumbrancers were served with the Consent Redemption Order.
25. On December 14, 2017, a further Order was granted by Master J.L. Mason to reduce the redemption period and the initial list price based on a compromise that was agreed to by the parties to avoid additional delays and costs that would occurred if the application was adjourned to permit Starke or any subsequent encumbrancer to obtain an appraisal. The terms of the Consent Redemption Order were amended as follows:
- (a) the Redemption Date defined in paragraph 5 of the Consent Redemption Order shall be changed from March 1, 2018 to February 1, 2018; and
 - (b) the listing price for the Lands set forth in paragraph 3 of the Judicial Listing Agreement attached to the Consent Redemption Order shall be changed from \$32,000,000.00 to \$31,000,000.00.

Now shown to me and marked as **Exhibit "O"** to this my Affidavit is a copy of the December 14, 2017 Order.

Current Indebtedness

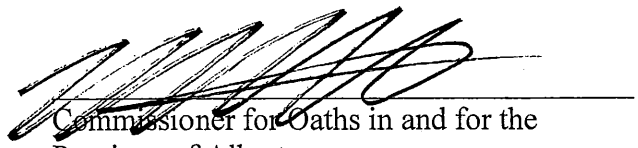
26. As of January 12, 2018, the amount of the indebtedness properly due and payable by Starke to Paragon under and by virtue of the Loan Agreements referenced herein is \$25,471,176.00, plus further interest and costs (the "Indebtedness").
27. All of the Indebtedness, including all of the Indebtedness secured by the Security is properly due and payable to Paragon.

Receivership

28. Based on numerous discussions and exchanges of correspondence that I have had recently with David Harrison of Starke, and Ajay Parmar of Group Three Property Management (“Group Three”), the property manager for Dominion Place, it is clear that Starke is unable to pay its ongoing expenses when due to maintain and operate Dominion Place. Now shown to me and marked as **Exhibit “P”** to this my Affidavit is a copy of the aged accounts payable for Starke as of January 3, 2018, and a cash reconciliation provided by Group Three.
29. Further, on January 3, 2018, I was specifically advised by Group Three that:
 - (a) it has received a disconnection notice from Direct Energy, providing notice that if the arrears of \$11,086.26 are not paid services to Dominion Place will be disconnected on January 19, 2018;
 - (b) Enmax is owed \$77,287.98, of which \$52,059.19 is over 60 days past due; and
 - (c) Paladin Security, which provides security for Dominion Place, is owed \$6,283.20, representing 4 months of arrears.
30. Alvarez and Marsal Canada Inc. (“AMC”) has consented to act as a receiver and manager of the assets, undertakings and property of Starke.
31. I believe that it is just appropriate for this Honourable Court to appoint a receiver and manager over the assets, undertakings and property of Starke for the following reasons:
 - (a) Starke has defaulted on the Loan Agreement, the Security and the terms of the Forbearance Agreement. The Loan Agreements and Security expressly allow for the appointment of a receiver and manager upon the occurrence of an event of default;
 - (b) Starke is in default of its obligations to Paragon;
 - (c) Starke is unable to pay its ongoing expenses when due to maintain and operate Dominion Place, including essential services such as utilities and security; and
 - (d) the appointment of a receiver and manager of the property and assets of Starke is just and convenient, and necessary to protect the interests of Paragon and to preserve and realize on its Security.

32. I make this Affidavit in support of a Receivership Order appointing Alvarez & Marsal Canada Inc. as the receiver and manager of the assets, undertakings and property of Starke, and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta,)
this 12 day of January, 2018.)



_____)

Commissioner for Oaths in and for the
Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor



_____)

KEN FEDORETZ

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2018/01/12
 Time of Search: 10:16 AM
 Search provided by: CARSCALLEN LLP

Service Request Number: 28301499
 Customer Reference Number: 27064.005

Corporate Access Number: 2016947448
 Legal Entity Name: STARKE DOMINION LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
1694744 ALBERTA INC.	2012/10/10

Legal Entity Status: Active
 Alberta Corporation Type: Named Alberta Corporation
 Registration Date: 2012/08/14 YYYY/MM/DD
 Date of Last Status Change: 2017/11/02 YYYY/MM/DD

Registered Office:

Street: 330, 1414 - 8 STREET SW
 City: CALGARY
 Province: ALBERTA
 Postal Code: T2R 1J6

Records Address:

Street: 330, 1414 - 8 STREET SW
 City: CALGARY
 Province: ALBERTA
 Postal Code: T2R 1J6

Directors:

THIS IS EXHIBIT "A"
 referred to in the Affidavit of
Ken Fedorczak
 Sworn before me this 12
 day of Jan, A.D. 2018

A Commissioner of Oaths
 in and for the Province of Alberta

MICHAEL J. WHITING
 Barrister & Solicitor

Last Name: HARRISON
First Name: DAVID
Middle Name: W.
Street/Box Number: 200, 906 - 12TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2R 1K7

Voting Shareholders:

Legal Entity Name: STARKE CAPITAL CORP.
Corporate Access Number: 2017205473
Street: 200, 906 - 12TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2R 1K7
Percent Of Voting Shares: 100

Details From Current Articles:**The information in this legal entity table supersedes equivalent electronic attachments**

Share Structure: SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO.
Share Transfers Restrictions: NO SHARES IN THE CAPITAL STOCK OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS.
Min Number Of Directors: 1
Max Number Of Directors: 15
Business Restricted To: NO RESTRICTIONS.
Business Restricted From: NO RESTRICTIONS.
Other Provisions: SEE OTHER RULES OR PROVISIONS SCHEDULE ATTACHED HERETO.

Other Information:**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2017	2017/11/02

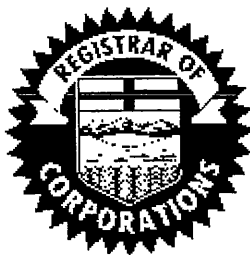
Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/08/14	Incorporate Alberta Corporation
2012/10/10	Name Change Alberta Corporation
2015/10/08	Change Director / Shareholder
2017/02/14	Change Address
2017/10/02	Status Changed to Start for Failure to File Annual Returns
2017/11/02	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2012/08/14
Other Rules or Provisions	ELECTRONIC	2012/08/14

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.





LAND TITLE CERTIFICATE

S LINC SHORT LEGAL TITLE NUMBER
0017 788 621 SA1;74;21-34 131 006 511

LEGAL DESCRIPTION

PLAN A1
BLOCK 74
LOTS 21 TO 34 INCLUSIVE
EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695
EXCEPTING THEREOUT ALL MINES AND MINERALS
ATS REFERENCE: 5;1;24;16
ESTATE: FEE SIMPLE

MUNICIPALITY: CITY OF CALGARY
REFERENCE NUMBER: 111 336 703

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Ken Fedorek
Sworn before me this 12
day of Jun A.D. 20 18

A Commissioner for Oaths
in Alberta for the Province of Alberta
MICHAEL J. WHITING
Barrister & Solicitor

Table with 5 columns: REGISTRATION, DATE (DMY), DOCUMENT TYPE, VALUE, CONSIDERATION. Row 1: 131 006 511, 08/01/2013, TRANSFER OF LAND, \$30,000,000, SEE INSTRUMENT

OWNERS
STARKE DOMINION LTD.
OF 910, 906 - 12 AVENUE SW
CALGARY
ALBERTA T2R 1K7

ENCUMBRANCES, LIENS & INTERESTS

Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 791 165 770, 04/10/1979, CAVEAT... Row 2: 851 025 148, 18/02/1985, CAVEAT...

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
131 006 511

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
		CITY SOLICITOR, CITY HALL BOX 2100, STATION M CALGARY ALBERTA AGENT - RICHARD W VERDEC
941 247 907	23/09/1994	CAVEAT RE : LEASE CAVEATOR - THE ALBERTA BALLET COMPANY. C/O FIELD & FIELD PERRATON 2000 OXFORD TOWER 10235-101 STREET EDMONTON ALBERTA T5J3G1 AGENT - BRAD K HAMDON
081 325 179	02/09/2008	CAVEAT RE : LEASE INTEREST CAVEATOR - GASCAN CORP. C/O GOWLING LAFLEUR HENDERSON LLP 1600, 421 - 7 AVENUE SW CALGARY ALBERTA T2P4K9 AGENT - MONICA L SMOLIK (DATA UPDATED BY: CHANGE OF ADDRESS 141203217)
111 073 504	28/03/2011	CAVEAT RE : LEASE INTEREST CAVEATOR - 1350045 ALBERTA LTD. SUITE 910, 906-12 AVE SW CALGARY ALBERTA T2R1K7 AGENT - RYAN C ROBERTSON
151 065 139	05/03/2015	MORTGAGE MORTGAGEE - CANADIAN WESTERN TRUST COMPANY. 600, 750 CAMBIE ST VANCOUVER BRITISH COLUMBIA V6B0A2 AS TO \$1,635,000 MORTGAGEE - PARAGON CAPITAL CORPORATION LTD. 1200, 1015-4 ST SW CALGARY ALBERTA T2R1J4 AS TO \$23,365,000 ORIGINAL PRINCIPAL AMOUNT: \$25,000,000 TAKES PRIORITY FOLLOWING INSTRUMENT #111073504 AND PRIOR TO INSTRUMENT #121126701 "SEE ORDER FOR DETAILS" "REENTERED MARCH 9/15 BY

(CONTINUED)

 ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
 # 131 006 511

REGISTRATION
 NUMBER DATE (D/M/Y) PARTICULARS

151067301"

(DATA UPDATED BY: TRANSFER OF MORTGAGE
 151091560)

151 065 140 05/03/2015 CAVEAT
 RE : ASSIGNMENT OF RENTS AND LEASES
 CAVEATOR - PARAGON CAPITAL CORPORATION LTD.
 1200, 1015-4 ST SW
 CALGARY
 ALBERTA T2R1J4
 AGENT - NIKOLAUS DEMIANTSCHUK
 TAKES PRIORITY FOLLOWING INSTRUMENT #111073504
 AND PRIOR TO INSTRUMENT #121126701
 "SEE ORDER FOR DETAILS" "REENTERED MARCH 9/15 BY
 151067301"

121 206 026 13/08/2012 CAVEAT
 RE : LEASE INTEREST
 CAVEATOR - CAR2GO CANADA LTD.
 45 WATER ST
 VANCOUVER
 BRITISH COLUMBIA V6B1A2
 AGENT - NOVY CHEEMA

131 228 815 11/09/2013 CAVEAT
 RE : AGREEMENT CHARGING LAND
 CAVEATOR - MULTUS INVESTMENT CORPORATION.
 910, 906-12 AVE SW
 CALGARY
 ALBERTA T2K1K7
 AGENT - KEN T LENZ

131 269 927 21/10/2013 MORTGAGE
 MORTGAGEE - MULTUS INVESTMENT CORPORATION.
 906-12 AVE SW
 CALGARY
 ALBERTA T2R1K7
 ORIGINAL PRINCIPAL AMOUNT: \$12,948,114

131 322 734 16/12/2013 CAVEAT
 RE : LEASE INTEREST
 CAVEATOR - FRAMEWORK PARTNERS INC.
 C/O GOWLING LAFLEUR HENDERSON LLP
 1600,421-7 AVE SW
 ATTN:LISA A BURIAK
 CALGARY
 ALBERTA T2P4K9
 AGENT - LISA A BURIAK

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 4

131 006 511

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
141 234 647	04/09/2014	CAVEAT RE : LEASE INTEREST CAVEATOR - GASCAN CORP. ATTN: LISA A. BURIAK C/O GOWLING LAFLEUR HENDERSON, 1600, 421 7 AVE SW CALGARY ALBERTA T2P4K9 AGENT - LISA A BURIAK
171 005 807	09/01/2017	WRIT CREDITOR - STRATEGIC ACQUISITION CORP. 400, 630 - 8TH AVENUE SW CALGARY ALBERTA T2P1G6 DEBTOR - MULTUS INVESTMENT CORPORATION. 2440 KENSINGTON ROAD NW CALGARY ALBERTA T2N3S1 AMOUNT: \$5,000,000 AND COSTS IF ANY ACTION NUMBER: 1301-02303
171 005 808	09/01/2017	WRIT CREDITOR - STRATEGIC ACQUISITION CORP. 400, 630 - 8TH AVENUE SW CALGARY ALBERTA T2P1G6 DEBTOR - MULTUS INVESTMENT CORPORATION. 2440 KENSINGTON ROAD NW CALGARY ALBERTA T2N3S1 AMOUNT: \$5,000,000 AND COSTS IF ANY ACTION NUMBER: 1301-02303
171 025 934	27/01/2017	NOTICE OF SEIZURE AFFECTS INSTRUMENT: 131269927
171 082 889	21/04/2017	AMENDING AGREEMENT AFFECTS INSTRUMENT: 151065139 AS TO PARAGON CAPITAL CORPORATION LTD'S INTEREST
171 082 927	21/04/2017	ORDER IN FAVOUR OF - STARKE DOMINION LTD. IN FAVOUR OF - PARAGON CAPITAL CORPORATION LTD. RE: INSTRUMENTS 151 065 139 131 019 632 131 046 054 131 228 815 131 269 927 171 005 807

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 5
131 006 511

REGISTRATION

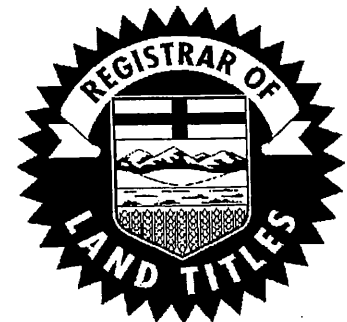
NUMBER	DATE (D/M/Y)	PARTICULARS
		171 005 808
		171 025 934
		171 082 889
171 158 315	18/07/2017	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 151065139 AS TO PARAGON CAPITAL CORPORATION LTD'S INTEREST.
171 188 360	24/08/2017	WRIT CREDITOR - BENNETT JONES LLP. 4500, 855-2 ST SW CALGARY ALBERTA T2P4K7 DEBTOR - MULTUS INVESTMENT CORPORATION. 2440 KENSINGTON RD NW CALGARY ALBERTA T2N3S1 AMOUNT: \$181,262 AND COSTS IF ANY ACTION NUMBER: 1701-00550 AS TO MORTGAGE #131 269 927
171 260 120	21/11/2017	AMENDED WRIT AMOUNT: \$782,534 AFFECTS INSTRUMENT: 171005807
171 260 121	21/11/2017	AMENDED WRIT AMOUNT: \$782,534 AFFECTS INSTRUMENT: 171005808

TOTAL INSTRUMENTS: 021

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 12 DAY OF
JANUARY, 2018 AT 10:18 A.M.

ORDER NUMBER: 34365374

CUSTOMER FILE NUMBER: 27064.005



END OF CERTIFICATE

(CONTINUED)

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated the 30th day of January, 2015

BETWEEN:

STARKE DOMINION LTD.
(herein referred to as the "Borrower")

AND:

PARAGON CAPITAL CORPORATION LTD.
(herein referred to as the "Lender")

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Ken Fedorak

Sworn before me this 12
day of Jan A.D. 2015


A Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

WITNESSES THAT:

WHEREAS the Borrower has requested and the Lender has agreed to make a Loan on the terms and conditions of this Agreement and the Security and Supporting Documents;

In consideration of the premises and other good and valuable consideration, the Borrower covenants and agrees with or warrants and represents to the Lender as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions:

The following terms used in this Agreement shall have the following meanings and all singular definitions may be used in the plural to mean more than one of the term defined and vice-versa:

"Advance" - the amount of each advance of funds on the Loan, by the Lender to or for the benefit of the Borrower or the face amount of a Cash-Equivalent Instrument.

"Assignment of Leases" - an assignment, collateral to the Mortgage, of all the Leases at any time with respect to the Land.

"Assignment of Proceeds" - an assignment, collateral to the Mortgage and the General Security Agreement, of the proceeds of each sale of any portion of the Land.

"Assignment of Rents" - an assignment, collateral to the Mortgage, of all rents or other payments due or accruing due or at any time to become due under any and all leases or rentals of the Land.

"Associate" - any "associate" or "affiliate" or "insider of a corporation" of any of the Borrowing Group including controlled and subsidiary companies, all as determined or defined from time to time in the *Business Corporations Act* of Alberta or the *Income Tax Act* of Canada.

"Borrower's Equity" - monies invested in the Project by the Borrower in the amount of not less than **\$n/a** at all times.

"Borrower's Liabilities" - the amount of all Advances, the unpaid portions, if any, of the Commitment, Brokerage and Lender Fees, Expenses and all costs and damages suffered or incurred by the Lender in completing the Project, or arising from a breach or default under any of the Security and Supporting Documents, all interest from time to time accruing thereon, and all liabilities and indebtedness now or hereafter owing, arising, due or payable from the Borrower to the Lender whether under this Agreement or the other Security and Supporting Documents, including but not limited to the payment of the Lender's costs on a solicitor and his own client basis incurred in the enforcement of the Security or Supporting Documents after an Event of Default.

"Borrowing Group" - all of the Borrower and the Guarantor.

"Cash Collateral" - monies deposited with and pledged to the Lender in accordance with Article 3.

"Cash-Equivalent Instrument" - a letter of credit, letter of guarantee, banker's acceptance or similar instrument issued by the Lender at the request of the Borrower.

"Commitment, Brokerage and Lender Fees" - the fees described in Paragraph 2.6.

"Commitment Letter" - the letter dated on or about 30th day of January, 2015 prepared by the Lender (or on behalf of the Lender) and executed by the Borrower on or about the same date.

"Default" - the occurrence of any Event of Default.

"Draw Request" - the form of request for an Advance as may be specified by the Lender from time to time including the certificates attached thereto and all necessary supporting documents, declarations and information.

"Environmental Liability Indemnity Agreement" - an agreement by the Borrowing Group to indemnify the Lender in respect of environmental liability.

"Event of Default" - a default by any of the Borrowing Group or a breach of covenant or agreement by any of the Borrowing Group or if any warranty or representation by any of the Borrowing Group is or becomes untrue or incorrect, under any of the Security and Supporting Documents or any contract the benefits of which have been absolutely or conditionally assigned to the Lender, or if default occurs in any other contract between the Lender and any one or more of the Borrowing Group, or if at any time there is or has been any material change, discrepancy or inaccuracy in any written information, statements or representations heretofore or hereafter made or furnished to the

Lender by or on behalf of any of the Borrowing Group concerning the Project, the Land or any of the Borrowing Group's financial condition, voting control or responsibilities.

"Expenses" - all expenses incurred by the Lender relating to the Loan including, but without limitation, all registration fees, insurance fees or premiums, costs of surveys, appraiser's fees, Supervising Consultant fees and expenses, travel expenses of the Lender's personnel for regular inspections of the Project and all fees and expenses for legal and other professional services on a solicitor and his own client basis..

"GSA" a general security agreement and all amendments thereto to be executed by the Borrower and delivered to the Lender providing for a pledge, charge and hypothecation on all chattels (both present and future) of the Borrower.

"Guarantees" - unconditional assignment and postponement of claims and guarantee by the Guarantor to pay and perform the Borrower's obligations to the Lender under this Loan Agreement or the Security whether direct, indirect, absolute, contingent, past, present or future.

"Guarantor" - shall mean **n/a**

"Insurance Policies" - all policies of hazard and liability insurance required to be delivered to the Lender pursuant to the terms of the Mortgage.

"Land" - the land described in Schedule "A" and such additional lands as may be charged by the Mortgage or any extension thereof.

"Loan" - to provide the Borrower with a single advance of \$25,000,000.00 (Cdn.) for refinance and payout of existing loans on on the Land.

"Loan Expiry Date" - the earlier of:

- (a) the date the Loan is demanded following the occurrence of an Event of Default; or
- (b) First day of March, 2017.

"Mortgage" - a mortgage and all amendments and extensions thereto in the principal amount of \$25,000,000.00 to be executed by a Borrower and delivered to the Lender providing for a registered mortgage, pledge and charge on the titles described in Schedule A, subject only to the Permitted Encumbrances;

"Permitted Encumbrances" - easements, rights of way, restrictive covenants, and other charges on the Land and defined or described as such in the Mortgage or as approved by the Lender and its solicitor in writing.

"Project" - the Land and all improvements now or hereafter located thereon, including any subdivision thereof.

"Project Cash Flow" - all cash received or receivable by any of the Borrowing Group or any Associate (except sale proceeds paid to the Lender) from any insurer, vendor, purchaser, lender, tenant, licensee, user, neighbour or occupier or from any prospective insurer, vendor, purchaser, lender, tenant, licensee, user, neighbour or occupier, of the whole or any portion of, or of any interest in the Project including, without limitation, option payments; rent; license, participation, easement, right of way, termination and modification payments; loan and insurance proceeds; common area maintenance charges; tax, insurance and other cost recoveries; purchase, rental, damage and other deposits; payment for sand, gravel, mineral, timber and similar payments; cost recoveries and latecomer payments in respect of the installation of local services; any tax refunds payable to the Borrower arising out of the Project.

"PPSA Financing Statements" - financing statements under the Alberta *Personal Property Security Act*.

"Promissory Note" - a promissory note and all extensions and amendments thereto in the principal amount of \$25,000,000.00 to be executed by the Borrower and delivered to the Lender. Separate notes may be requested at each advance.

"Security and Supporting Documents" – may include (but are not limited to):

- this Agreement and all supplementals thereto;
- an assignment of material contracts
- the Assignment of Proceeds;
- the Assignment of Rents;
- the certificates of officers of the Borrower;
- the Commitment Letter;
- the Environmental Liability Indemnity Agreement;
- the GSA;
- the Guarantees;
- the Mortgage;
- the opinions of counsel;
- the PPSA Financing Statements;
- the Promissory Note;
- the Real Property Report;

and such other security and supporting documents as may be required by the Lender or its solicitors.

"Real Property Report" - a certificate, by a licensed land surveyor showing the boundaries and dimensions of the Land, all adjacent streets, the location of the improvements on the Land including foundations and overhangs, the location of all registered or proposed easements or rights of way affecting the Land and the location of all encroachments on to the Land.

1.2 Currency

All references to money amounts herein are, unless specifically otherwise stated, references to Canadian currency payable in Canada.

1.3 Incorporation of Preambles, Recitals and Schedules

The Preambles and Recitals set forth herein are a part of this Agreement and the Security and Supporting Documents and Schedules hereto are incorporated by reference and made a part of this Agreement.

1.4 Bona Fides

Any reference in this Agreement to a sale, lease or contract to which any member of the Borrowing Group is a party shall be interpreted to mean that it is bona fide arms-length unless otherwise specifically stated.

1.5 Special Notes, Precautions and Recommendations

[deleted intentionally]

ARTICLE 2

THE LOAN, INTEREST AND PAYMENT THEREOF

2.1 Agreement to Lend

Subject to the terms and conditions of the Security and Supporting Documents, the Lender's discretion, compliance by the Borrower with the terms and conditions of this Agreement and until the Loan Expiry Date, the Lender agrees to advance the Loan to the Borrower following receipt of a fully and accurately completed Draw Request (if required), provided that at all times the Borrower's Equity shall be maintained in the Project.

2.2 Application of Funds

Nothing contained in the Security and Supporting Documents shall impose on the Lender any obligation to see to the proper application of the Loan. However, the Borrower agrees that the loan proceeds (if and when advanced to the Borrower by the Lender) shall be used exclusively for the Project.

The Borrower agrees to inform the Lender of any cost overrun as compared with the approved budget. All cost overruns will be funded by the Borrower, from its own resources, at the time they are incurred.

2.3 Interest

Except as hereinafter provided, the Borrower shall pay interest on Borrower's Liabilities at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, calculated monthly, not in advance, in the same manner and subject to all the same covenants, terms and conditions and as determined and adjusted in the Mortgage.

2.4 Repayment of Borrower's Liabilities

The Borrower shall:

- (a) repay the entire balance outstanding on the Loan without notice on the Loan Expiry Date;
- (b) pay the Commitment, Brokerage and Lender Fees as provided herein;
- (c) pay all other portions of Borrower's Liabilities on demand without notice other than demand.

Provided the loan secured by this Agreement has not been in default, the Borrower shall have the privilege of prepaying without notice or bonus the whole of the Principal Sum hereby secured so long as the Lender has received the sum of SEVEN HUNDRED AND TWELVE THOUSAND FIVE HUNDRED (\$712,500.00) DOLLARS in interest payments, as required to be paid pursuant to Article 2 herein (the "Required Interest") from the interest adjustment date or receives a sum equivalent to the difference between the interest actually paid from the interest adjustment date and the Required Interest as well as receiving all other sums outstanding under this Agreement.

2.5 Commitment, Brokerage and Lender Fees

The total non-refundable Commitment, Brokerage and Lender Fees and administration fees for the Loan are \$625,000.00 Cdn., none of which has been received by the Lender from the Borrower (to be deducted from the first advance) and which have been fully earned. The parties agree that even if no Advance is made or if the full amount of the Loan is not advanced, the Lender is absolutely entitled to such Fees as partial compensation for the risk to the Lender of delivering this Agreement, making any Advance on the Loan and as consideration for the value to the Borrower of this Agreement and the time and effort spent and expense incurred by the Lender and its employees and agents in the review and study of the documents pertaining to the transactions relating to the Project and the Loan, review of appraisals, credit reports and financial statements, physical inspection of the Project, and loss of opportunity to make other loans.

The Lender may require the Borrowing Group to execute a Promissory Note to evidence the amount of the Commitment, Brokerage and Lenders Fees earned but unpaid.

2.6 Security for Borrower's Liabilities

All Borrower's Liabilities shall be deemed to be secured by all the Security and

Supporting Documents as of the date hereof notwithstanding the date the Borrower's Liabilities may be advanced or incurred. Without limitation, if a proceeding is brought to foreclose the equity of redemption under the Mortgage, the amount required to redeem the Land shall be deemed to include the face amount of all Cash-Equivalent Instruments and the unpaid portions, if any, of the Commitment, Brokerage and Lender Fees and of the Expenses.

2.7 Realization Proceedings

The Lender may commence realization proceedings, either judicial or extra judicial, under or in respect of the whole or any portion of the Security and Supporting Documents, immediately and without notice other than demand for immediate payment if an Event of Default has occurred.

2.8 Secondary Financing

The Lender and Borrower agree there shall be no Subsequent Encumbrances registered against the Lands without the express written consent of the Lender being granted and a priority and standstill agreement being obtained between the Lender and the party wishing to hold the Subsequent Encumbrance.

2.9 Initial Advance

If the initial advance of the Loan is not made on or before the 1st day of March, 2015, or if the Lender has not extended the date for the initial advance (in writing) the Lender may refuse to advance any portion of the Loan and the Borrowing Group confirms, acknowledges and agrees that all fees and costs set out in the Commitment Letter and this Agreement are earned and owing.

2.10 Administration Fees

The Borrower and Guarantor (where applicable to their lands) shall:

- (i) provide the Lender in advance with the Lender's choice of post-dated cheques or a properly signed and completed Pre-Authorized Payment Form, to cover all payments due hereunder. In the event any post-dated cheque or automatic payment is returned to the Lender as non-negotiable after being presented for payment, or in the event of a delay in presentation of a post-dated cheque for payment, which delay is the fault of the Borrower, the Borrower shall, in addition to any accrued interest, pay for each such non-payment the sum of \$200.00;
- (ii) pay to the Lender a working fee for each occasion where the Lender or any affiliate performs work in connection with the Loan from the time of default or when the Loan requires special attention outside the normal administration of a mortgage loan in good standing, all at the rate of \$300.00 per hour; and

- (iii) agree and acknowledge that all such payments as set out in subparagraphs (i) and (ii) inclusive are as a genuine pre-estimation of liquidated damages and not as a penalty and such sums shall be added to the principal sum outstanding, shall be a charge on the Land and shall bear interest at the interest rate set out herein.

ARTICLE 3

TERMS AND CONDITIONS APPLICABLE TO ADVANCES

3.1 Conditions Precedent for Advance

Without restricting or limiting any of the terms and conditions of the Security and Supporting Documents, the Lender shall not advance the Loan or any part thereof unless and until, in the opinion of the Lender, the following conditions, which only the Lender may waive, have been and continue to be satisfied:

- (a) prior to the date of the advance, the following documents and assurances, all in form, substance, parties and execution acceptable to the Lender, have been delivered to the Lender and, where in the Lender's opinion necessary or advisable, filed or registered and, where required by the Lender, prepared or approved by its solicitors:
- (i) current financial statements of each of the Borrowing Group;
 - (ii) an appraisal of the Project;
 - (iii) a soils test report;
 - (iv) a report as to toxic wastes and hazardous substances on or affecting the Land and, if any of the same are shown to be present, a detailed remediation program and budget together with evidence of the completion of such program to the satisfaction of the Lender, the Supervising Consultant, an environmental consultant acceptable to the Lender and any governmental agency having jurisdiction over the Land;
 - (v) each of the Security and Supporting Documents;
 - (vi) with respect to each of the Borrowing Group which is a corporation:
 - aa. copies duly certified by its secretary of resolutions of its directors authorizing the borrowing or guaranteeing of the Loan as the case may be and the execution and delivery of the Security and Supporting Documents; and
 - bb. an officer's certificate and certificate of incumbency setting forth specimen signatures of its officers and directors authorized to execute the Security and

Supporting Documents;

- (vii) an opinion of:
 - aa. the independent counsel of each corporate member of the Borrowing Group, addressed to the Lender and its counsel: as to the due incorporation, organization, valid existence and good standing with respect to filing annual reports, of such member and the due formation and existence of such member under the laws of ALBERTA and/or the jurisdiction of its incorporation and/or any other jurisdiction in which it is registered to carry on business and that such member has all such corporate powers and authorizations as are necessary to enable it to own and operate or develop the Project and the Land, to borrow or guarantee the Loan, as the case may be, to carry on the real estate development business and to execute, deliver and carry out its obligations under the Security and Supporting Documents and that the Security and Supporting Documents which have been delivered have been duly authorized, executed and delivered by such member; and
 - bb. the Lender's counsel on: title to the Land, the priority, enforceability and effectiveness of the Security and Supporting Documents which have been delivered and a report as to the apparent validity and enforceability of all required insurance, all as of the date of such Advance;
- (viii) evidence of the issuance or availability of all municipal and other regulatory permits and approvals required for the development and operation of the Project;
- (ix) evidence that adequate access and utilities required for the development and operation of the Project are available to the boundaries of the Land;
- (x) certificates of payment of all realty taxes currently due or payable;
- (xi) such further security instruments, assurances and supporting documents as from time to time may be required pursuant to the Security and Supporting Documents;
- (xii) that an Event of Default has not occurred;
- (b) the investment of Borrower's Equity has been confirmed; and
- (c) the Loan Expiry Date has not occurred;

ARTICLE 4

CASH RESERVES

- 4.1 Establishment of Collateral Reserve
[deleted intentionally]
- 4.2 Establishment of Interest Reserve
[deleted intentionally]
- 4.3 Establishment of Project Cost to Complete Reserve
[deleted intentionally]

ARTICLE 5

CONDITIONS OF LOAN

- 5.1 Payment of Interest
[deleted intentionally]
- 5.2 Partial Discharge Provisions
[delete intentionally]

ARTICLE 6

ADDITIONAL COVENANTS

- 6.1 Ownership of the Project

Until release of the Mortgage, the Borrower shall remain the sole registered and beneficial owner of the Project.

- 6.2 Permitted Encumbrances

Until the discharge of the Mortgage the Borrower shall maintain the title to the Land free from all liens, charges and encumbrances whatsoever except Permitted Encumbrances.

6.3 Borrower's Equity

Borrower's Equity shall be invested and maintained in the Project at all times up to the repayment in full of Borrower's Liabilities.

6.4 Financial Statements

If required by the Lender, the Borrower shall within 90 days following the end of its fiscal years, deliver to the Lender then current financial and operating statements and including then current financial and operating statements covering the Project only. Such financial and operating statements shall be prepared by a chartered accountant in good standing and shall include balance sheets and income and expense statements in such detail and with such schedules as the Lender may require. The Borrower shall keep adequate records and books of account in accordance with generally accepted accounting practice and will permit the Lender, by its agents, accountants and solicitors, to visit and examine its records and books of account and to discuss its affairs, finances and accounts with its officers, at such times as may be requested by the Lender. Throughout the term of the Loan, the Borrower shall promptly deliver to the Lender such other information with respect to the Borrower and the Project as the Lender may request from time to time. All financial statements of the Borrower shall be prepared in accordance with generally accepted accounting principles, and shall be accompanied by the certificate of a principal financial or accounting officer of the Borrower dated within five days of the delivery of such statements to the Lender, stating that he knows of no defaults under this Loan Agreement, nor of any material adverse change in the financial position of the Borrower since the date of such financial statements.

6.5 Builders' Liens

(a) In this section the following terms shall have the following meanings:

"BLA" means the Builders' Lien Act (Alberta) as amended from time to time;

"BLA Contract" means a contract entered into by the Borrower for the performance or provision of work on or the supply of materials to the Project (as those terms are defined in the BLA);

"BLA Contractor" means a person entering into a BLA Contract with the Borrower;

"BLA Holdback" means, with respect to any BLA Contract, the amount required to be held back from time to time by the Borrower pursuant to the BLA.

(b) The Lender shall determine if it will maintain, until completion of the Project (as defined in the BLA) the BLA Holdback. If it determines that it will not, then without any further statement, request or demand, the obligation to maintain the BLA Holdback will become that of the Borrower or the Borrower's solicitor and the Lender or the Lender's solicitor shall be provided with evidence of same upon the Lender's request.

- (c) Should the Lender maintain the BLA Holdback, then the Lender, will forward the BLA Holdback to the Borrower upon the expiration of the lien period as defined in the BLA and upon confirmation that no Builders' Liens have been registered against the Title to the Lands at that time. The Lender reserves the right to maintain a minor lien fund as defined in the BLA after the major lien fund, as defined in the BLA, has been disbursed.
- (d) The Borrower covenants to indemnify, defend and save the Lender harmless from and against all claims, legal proceedings, demands, losses, damages, costs and expenses whatsoever, including, without limitation, legal costs, which the Lender may suffer or incur arising out of or in connection with any failure of the Borrower to observe and perform its obligations under this section or under the BLA or to discharge any Builders' Liens registered against the Titles to the Lands.
- (e) Should a Lien be registered against titles to the Land, the Borrower shall cause the said Lien to be discharged within fifteen (15) days using their own resources. No further funding will be permitted by the Lender until the Lien is discharged from the said Titles.
- (f) Any interim or periodic advances of the Loan shall be subject to evidence that the BLA has and is being fully complied with.

6.6 Remittances and Tax Filings

All remittances and tax filings required to be made by the Borrower to the federal, provincial and municipal government have been made, are currently up to date and not in arrears.

6.7 Tax Filings and Statutory Remittances

The Borrower covenants and agrees to duly and punctually make all tax filings and make all remittances when due and payable, including but not limited to workers' safety insurance premiums, employer health tax premiums, Canada Pension Plan contributions, Employment Insurance Commission premiums and all statutory remittances including but not limited to income tax, provincial sales taxes, goods and services tax and harmonized sales tax, and at the request of the Lender from time to time provide evidence satisfactory to the Lender of all such remittances being up to date and in good standing.

ARTICLE 7

MISCELLANEOUS

7.1 Assignment

- (a) The Lender may, without consent, assign, grant security interests in, negotiate, pledge or otherwise dispose of Borrower's Liabilities and the Security and Supporting Documents and of its rights and security thereunder in whole or in part to any bank, person, firm, body corporate, company or other entity (the "assignee") and all rights and remedies of the Lender

in connection with the interest so assigned shall be enforceable against the Borrower and other parties thereto by such assignee as the same would have been by the Lender but for such assignment. The Lender may in connection with such transactions release any information or documents in its control in connection with the Loan and the Borrowing Group to any assignee or intended assignee.

- (b) The Borrower shall not assign or encumber its rights and obligations under this Agreement, the Loan or the whole or any part of any Advance to be made hereunder, without the prior written consent of the Lender.

7.2 Survival of Terms

All covenants, agreements, representations and warranties made herein, and in the Schedules hereto, shall survive the execution and delivery to the Lender of the Security and Supporting Documents and the making of all Advances.

7.3 Sign

The Lender may supply to the Borrower and the Borrower shall erect, at the Lender's expense, a mortgage financing sign on the Lands at a prominent location selected by the Lender. Such sign may only be removed by or with the consent of the Lender prior to repayment in full of the Loan.

7.4 Notice

Any notice required to be given hereunder shall be in writing addressed to the party to whom it is given and shall be delivered to the address stated on the first page hereof or to such other address in Alberta as the party to whom it is given shall have previously specified by written notice.

7.5 Payment

The Borrower shall pay in lawful money of Canada in funds payable at par at CALGARY, ALBERTA the principal sum, interest and all other Borrower's Liabilities as provided in this Agreement. Any monies paid after 12:00 noon local time on the date of payment shall be deemed to have been paid on the next following day that the Lender is open for business.

And it is further agreed that if the Borrower should be late in making any payments due to the Lender hereunder or if the Borrower makes any such payment by way of cheque and that cheque is returned or not honoured by the Borrower's bank, then the Borrower shall, in addition to any accrued interest, pay to the Lender the sum of TWO HUNDRED (\$200.00) DOLLARS as a genuine pre-estimation of the liquidated damages suffered by the Lender due to increased administration costs, and any such sums shall be added to the Principal Sum and bear interest at the rate and terms as set out herein.

7.6 Time of Essence

Time is of the essence of this Agreement and the other Security and Supporting Documents.

7.7 Governing Law

The Security and Supporting Documents shall in all respects be governed by and construed in accordance with the laws of the Province of Alberta.

7.8 Execution in Counterparts

This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original and all such counterparts taken together shall constitute one and the same agreement.

7.9 Whole Agreement and Amendment or Modification

The rights and obligations of the parties hereto with respect to the Loan and the Project are wholly contained in this Agreement and the other Security and Supporting Documents and prior agreements are merged therein. Any matter set out in the Commitment Letter (attached hereto as Schedule "B") but not dealt with herein, shall be deemed to have been added to this Loan Agreement and shall be a part hereof. The Security and Supporting Documents cannot be added to, amended or waived in whole or in part, or any collateral agreement thereto created orally, by letter, fax, or other written communication or by any course of conduct of the Lender, its officers, employees or agents and there are no implied terms, covenants, agreements or conditions between the parties. No amendment, waiver or modification of this Agreement or the other Security and Supporting Documents in whole or in part or any collateral agreement shall be enforceable against the Lender unless it is by a formal instrument in writing expressed to be a modification of this Agreement or the other Security and supporting Documents as the case may be and executed in the same fashion as this Agreement.

7.10 Waivers of Performance by the Lender

The Lender may in its absolute discretion waive, modify or not enforce any condition or requirement hereunder or under any of the Security and Supporting Documents and any such waiver, modification, failure to enforce or the failure at any time by the Lender to require strict performance by any member of the Borrowing Group or any other party of any of the terms of this Agreement or of the terms of the other Security and Supporting Documents shall not release or diminish the obligations of the Borrower or any other party under any of the Security and Supporting Documents or affect any right of the Lender thereafter to demand strict performance therewith and any waiver of any Event of Default shall not waive or affect any similar or other Event of Default.

7.11 Incorporation of Mortgage and GSA Clauses

The warranties, representations, covenants, terms, conditions and agreements in the Mortgage and GSA are incorporated herein and made a part hereof and are applicable hereto as if fully reproduced in this Agreement and are in addition to and enlarge and are not in substitution for those set out in this Agreement. In the event of a direct conflict between this Agreement and any of the other Security and Supporting Documents, the Lender in its sole and absolute discretion shall decide which shall prevail. Notwithstanding that the Mortgage is expressed to be payable on a date certain, the Lender may make demand thereunder prior to the Loan Expiry Date upon an Event of Default having occurred.

7.12 No Judicial Review

The Borrower acknowledges that this Agreement is entered into on the express condition that the Lender's opinions, approvals, consents, requirements, determinations and decisions and what is satisfactory or not satisfactory to it are in its sole and absolute discretion and are not subject to judicial review as to their reasonableness.

7.13 Collateral Security

Each item in the Security and Supporting Documents is, will or has been taken by way of additional security only, and neither the taking of such item nor anything done in pursuance hereof or thereof shall in any way prejudice or limit the rights of the Lender or the obligations of the Borrowing Group under any other part of the Security and Supporting Documents. The rights and remedies given to the Lender hereunder and under each item of the Security and Supporting Documents shall be in addition to and not in substitution for and shall not in any way derogate from or delay or prejudice any rights or remedies to which the Lender may be entitled under any other item of the Security and Supporting Documents, any other agreement or security, or by law or in equity and such rights and remedies may be exercised consecutively or concurrently and from time to time, all as the Lender in its absolute discretion from time to time determines.

7.14 Severability

If any provision of this Agreement or of the Security and Supporting Documents shall be held invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Agreement or of the Security and Supporting Documents in any jurisdiction.

7.15 Joint and Several Effect

If there is more than one Borrower, the covenants on the part of the Borrower shall be and are deemed to be joint and several covenants of each Borrower.

7.16 Servicing Agent

The Borrower agrees and acknowledges that that Lender may appoint an agent to administer the Loan and the Security and Supporting Documents and such servicing agent would be involved with all the power of the Lender.

7.17 Enurement

This Agreement shall be binding on and enure to the benefit of the Borrower and the Lender as well as their respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the Borrower and the Lender have executed this Agreement.

STARKE DOMINION LTD.

Per:  (c/s)

Per: _____

PARAGON CAPITAL CORPORATION LTD.
by its authorized signatory

Per: _____ (c/s)
Authorized Signatory

SCHEDULE "A"

Municipal Address: Dominion Plan, 906-12th Avenue SW, Calgary, Alberta

Legal Description:

PLAN A1

BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695

EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"

**COPY OF THE COMMITMENT LETTER
DATED 30th day of January, 2015**

SCHEDULE "B"



Paragon Capital Corporation Ltd
1203, 1015 4th Street SW
Calgary, Alberta T2R 1J4
☎ 403 263 6446
☎ 403 263 6445
✉ paragon@paragoncorp.ca
🌐 www.paragoncorp.ca

January 30, 2015

Starke Dominion Ltd
910, 906 – 12th Avenue SW.
Calgary, A.B.

Attn: David Harrison

Dear Sir:

Re: First Mortgage Financing – Dominion Place, 906 12th Avenue S.W., Calgary.

With respect to your request for a loan facility, we are enclosing herewith a Term Sheet for your review and consideration. This Term Sheet is for discussion purposes and shall not be construed as an offer of financing.

TERM SHEET
FOR DISCUSSION PURPOSES ONLY

PURPOSE: To facilitate the refinance of the subject property. The proposed mortgage will provide funds to repay the existing first, second, third and fourth mortgages.

PROPERTY: The project consists of a 9 storey, office building with an underground parking structure providing 204 stalls. The net rentable area of the building is approximately 139,000 square feet. The property is currently 91% occupied leased to approximately 20 tenants. Further leasing for an additional 9,000 square feet is in place; however, the tenants will not be in occupancy until June 1, 2015 at which time the building will be 98.5% leased and occupied. The project is located at 906 12th Avenue SW, Calgary, Alberta.

BORROWER: Starke Dominion Ltd.

GUARANTOR(S): N/A.

LOAN AMOUNT: \$25,000,000.00.

A handwritten signature in dark ink, located in the bottom right corner of the page.

INTEREST RATE: 5.70% per annum on the outstanding principal amount calculated, compounded, and paid monthly.

REPAYMENT: Monthly payments of interest only. Balance of principal and unpaid interest (if any) at maturity.

FEE: 2.5% of the Loan Amount to be deducted from the first Loan advance and paid to the Lender. At the Lender's option, and in agreement with the borrower, a portion of this fee may be deferred.


TERM: 2 years from the interest adjustment date.

PREPAYMENT: At any time provided the Loan has not been in default and the Lender has received a minimum of 6 months interest.

PROCESSING FEE: Upon acceptance of this agreement a \$25,000.00 non-refundable processing fee (certified funds or bank draft) is payable to Paragon Capital Corporation (c/o 1200, 1015-4th Street S.W. Calgary, AB T2R 1J4). The Borrower acknowledges that the Lender will utilize this deposit to pay out of pocket due diligence expenses, including but not limited to travelling expenses, legal fees and Alberta securities Commission fees. Any remaining balance will be credited to the Borrower upon advance of funds.

SECURITY: First Mortgage on the property;
Promissory Note;
Assignment of Rents and Leases;
General Security Agreement;
Any other documentation required by our legal counsel.

The security and other documents related to this transaction shall be prepared by the Lender's counsel in form and content determined by the Lender's counsel and the Lender. All investigations and registration shall be to the satisfaction of the Lender's counsel.

Initials	
	

PRE-CONDITIONS:

The following are to be delivered or carried out prior to funding and must be to the satisfaction of the Lender at its discretion:

- Physical inspection of the property; and
- Satisfactory review of Title and Personal Property Registry searches;
- Satisfactory review of the court ordered refinance and all other litigation documents required by our solicitor;
- Confirmation that all taxes are paid and the borrower has enrolled in the City of Calgary Tax Installment Plan;
- Confirmation all required GST has been paid;
- Confirmation of required Capital to complete all necessary tenant improvements for the new tenants;
- Copy of existing appraisal (Received);
- Copy of existing building condition report, if available;
- Copy of Current Rent Roll (Received);
- Copies of all tenant leases and renewals;
- Copies of tenant estoppel agreements from all new tenants;
- Detailed Parking report;
- Any other documentation deemed relevant by the Lender or Lender's solicitor.

FUNDING DATE:


Funding to be completed by March 1, 2015 (the "Funding Date"). This agreement may be terminated at the Lender's option if funds not drawn down by the Funding Date.

INSURANCE:

Prior to the initial advance of funds and throughout the term of the Loan, the Borrower shall place and maintain insurance satisfactory to the Lender, and the policies shall show the loss payable to the Lender as First mortgagee.

TAXES:

All outstanding taxes, assessments and other sums, charged or levied against the Property shall be paid by you prior to or at the time that advances are made and Paragon shall be at liberty to deduct such amounts from any advances made. The Borrower shall be responsible for the payment of all taxes and assessments and other sums charged or levied against the Property when due and payable within the tax year. Should the taxes not be paid by the Borrower, Paragon shall have the right to request that in addition to the monthly payments that the taxes be paid in monthly instalments as estimated by Paragon, so that Paragon will have an amount sufficient to pay the estimated amount of taxes as and when

Initials	
	

the taxes become due. Any debit balance in the tax account will be subject to payment on demand.

SIGNS:

The Lender shall be entitled to erect, at its sole and exclusive cost, identifying signage on the Land indicating the Lender's financing, provided the signage does not interfere with or disrupt the use of the Lands.

OTHER:

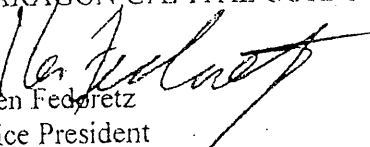
All legal costs and disbursements of the Lender related to this transaction are payable by the Borrower and may be deducted from the Loan proceeds.

As a Mortgage Broker or Associate we may be paying others part of our compensation for this mortgage referral.

This offer is open for acceptance until 2:00p.m., February 2, 2015.

Yours truly,

PARAGON CAPITAL CORPORATION LTD.


Ken Fedoretz
Vice President
Business Development

Initials	
	

Acceptance

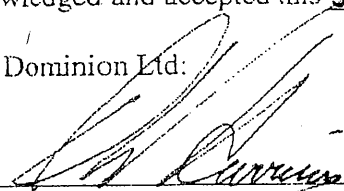
The Commitment Fee and shall be earned and be payable to Paragon upon acceptance of this letter by the Borrower, whether or not the loan funds are actually advanced. The Borrower agrees that a charge against the interest and estate of the Borrower in the Property is thereby created which shall remain in force until the Commitment Fee is paid in full.


Notwithstanding such fee being paid or owed, the Borrower and the Guarantor will remain liable to reimburse Paragon for any reasonable valuation charges, disbursements and legal expenses whether or not the loan proceeds. Paragon's agreement with respect to the Commitment Fee and expenses is enforceable by Paragon, independent of the existence of this mortgage commitment.

Acceptance of this letter provides full and sufficient acknowledgment that Paragon has no obligation to advance any funds under this agreement and if, in the opinion of Paragon, 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 affiliate or associate the approved loan transaction may be withdrawn or cancelled at the sole discretion of Paragon.

Acknowledged and accepted this th 30 day of January, 2015

Starke Dominion Ltd:

Per: 

Initials	
	

PROMISSORY NOTE

19 day of February, 2015

ADVANCE in the amount of \$25,000,000.00 (the "Principal Sum")
Loan in the amount of \$25,000,000.00 (the "Loan Amount");
Payable at 1200, 1015 - 4th St. S.W., Calgary, AB T2R 1J4;
Due on First day of March, 2017

FOR VALUE RECEIVED, the Undersigned does PROMISE TO PAY to PARAGON CAPITAL CORPORATION LTD. of the City of Calgary, in the Province of Alberta, the sum of TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS together with interest thereon at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, calculated and compounded monthly, not in advance, both before and after maturity, such interest to commence as of the date of advance of same, and shall fall due and be paid on the First day of each and every month commencing with the interest adjustment date which shall be First day of March, 2015, (unless postponed or advanced by mutual consent of PARAGON CAPITAL CORPORATION LTD. and the Undersigned) and thereafter the interest on the sum advanced shall become due and be paid by monthly installments of ONE HUNDRED AND EIGHTEEN THOUSAND FIVE HUNDRED (\$118,750.00) DOLLARS to and until First day of March, 2017 when all amounts outstanding become due and payable.

Further, should the Undersigned default in any payment of principal or interest, then, at the option of PARAGON CAPITAL CORPORATION LTD., any and all other loan transactions between the same parties will also be deemed to be in default.

If the Undersigned defaults in any payment of principal or interest, then in that event the whole of the principal and all interest shall, at the option of PARAGON CAPITAL CORPORATION LTD., immediately become due and payable without notice and interest shall continue at the same rate as set out herein, until the full amount is repaid.

Provided the loan has not been in default, the Undersigned shall have the privilege of prepaying without notice or bonus the whole of the Principal Sum hereby secured so long as PARAGON CAPITAL CORPORATION LTD. has received the sum of SEVEN HUNDRED AND TWELVE THOUSAND FIVE HUNDRED (\$712,500.00) DOLLARS interest as well as receiving all other sums outstanding under this Loan.

The Undersigned and all endorsers of this Promissory Note hereby waive protest, notice of protest, presentment for payment, demand for payment and notice of non-payment of this Note and do hereby agree and consent to all extensions or renewals hereof without notice.

IN WITNESS WHEREOF the Company has hereunto affixed its Corporate Seal by the hands of its officers as of 19 day of February, 2015.

STARKE DOMINION LTD.

Per: [Signature] (c/s)

Per: _____

THIS IS EXHIBIT " D " referred to in the Affidavit of Ken Fedoretz.

Sworn before me this 12 day of Jan A.D. 2015

[Signature]
A Commissioner for Oaths in and for the Province of Alberta

CHAE L J. WHITING
Registrar & Solicitor

MORTGAGE

THE LAND TITLES ACT

1. **Grant of Mortgage** – **STARKE DOMINION LTD.**, of 910, 906-12th Avenue SW, Calgary, Alberta T2R 1K7 (hereinafter called the Mortgagor) being registered as owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interest as are notified by memorandum underwritten or endorsed hereon, of that piece of land situate in the Province of Alberta, Canada, described as set out and attached hereto as **Schedule "A"** which forms a part hereof (hereinafter such lands as described above together with improvements thereon being variously referred to as "the land", "the lands", "the said lands", the "premises" or "the mortgaged premises").

IN CONSIDERATION of the sum of **TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS** (the "loan" or the "Principal Sum"), lent to the Mortgagor by **PARAGON CAPITAL CORPORATION LTD.**, of #1200, 1015 - 4th Street S.W., Calgary, Alberta, T2R 1J4, (who and whose successors and assigns are hereinafter included in the expression, "the Mortgagee"), the receipt of which sum the Mortgagor does hereby acknowledge (the "loan"), **COVENANTS** with the Mortgagee as follows:-

2. **Repayment by Mortgagor** - The Mortgagor will pay to the Mortgagee without deduction or set off in lawful money of Canada the sum lent to the Mortgagor as aforesaid with interest thereon at the rate of **FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT** per month, calculated and compounded monthly not in advance, as well after as before maturity of this Mortgage until paid, as follows:-

a) Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances, shall fall due and be paid on the **First** day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the interest adjustment date, which date shall be the **First day of March, 2015**, unless postponed by the Mortgagee or advanced by mutual agreement in writing; and thereafter interest on the aforesaid sum at the aforesaid rate, computed from the interest adjustment date, shall become due and be paid by monthly instalments of **ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS**, each (interest only) on the **First** day of each and every month in each and every year from and including the **First day of April, 2015** to and including the **First day of March, 2017**. Should the advance of the Principal Sum be delayed past the interest adjustment date (set out herein), then, at the sole discretion of the Mortgagee, the interest adjustment date and the expiry of the term shall be extended without the necessity of a formal amending agreement.

(b) In addition to the payment of interest as hereinbefore provided, the Mortgagor will pay to the Mortgagee interest as aforesaid in the manner aforesaid on the said Principal Sum or on so much thereof as shall from time to time remain unpaid at the

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

Ken Fedoretz

Sworn before me this 12
day of Jan A.D. 2015

[Signature]
A Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

rate aforesaid and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal (and be added to the Principal Sum) and shall bear compound interest at the rate aforesaid as well after as before maturity of this Mortgage, to be computed and compounded monthly not in advance, on the **First** day of each and every month in each year until paid. All such interest and compound interest shall be a charge on the said lands. In the event of non-payment of any of the monies hereby secured at the time herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay interest at the said rate on the same.

- (c) The balance of the Principal Sum shall become due and shall be paid on the **First day of March, 2017**.
 - (d) The Mortgagor acknowledges that this Mortgage contemplates payments of interest only during the term of this Mortgage or any renewals thereof, unless otherwise agreed to by the Mortgagee.
 - (e) At the option of the Mortgagee, interest so due and payable may be deducted from advances made from time to time hereunder, provided that the Mortgagee may in its sole discretion on notice to the Mortgagor at any time, require interest on any advance calculated from and including the date of disbursement to be due and paid forthwith.
 - (f) The Mortgagor agrees to pay to the Mortgagee and shall be responsible for the payment of all costs, expenses, legal fees (on a solicitor and his own client basis) and disbursements incurred or to be incurred by the Mortgagee pursuant to the negotiation, placement or enforcement of this Mortgage or in any way reasonably arising from the loan between the Mortgagor and the Mortgagee. The Mortgagor further agrees that any sums to be paid by the Mortgagor to Mortgagee as set out herein shall be treated as if it were a portion of the Principal Sum and interest at the rate set out herein shall also be paid by the Mortgagor on such sum calculated and compounded as set out herein.
3. **Readvance** - The Mortgagor acknowledges that in the future, the Mortgagee may wish to re-advance a portion of the face principal amount of this Mortgage which has previously been repaid by the Mortgagor, and accordingly, this Mortgage shall then be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with, the provisions set forth in Section 104 of the Land Titles Act (Alberta). The decision to so re-advance shall be in the sole discretion of the Mortgagee and nothing herein shall obligate the Mortgagee to make any re-advances hereunder.

4. **Insurance** - The Mortgagor will insure the buildings on the said lands to the amount of not less than their full insurable value in lawful money of Canada and without in any way limiting or restricting the generality of the foregoing:
- (a) If a sprinkler system or a steam boiler or any other thing or apparatus generating steam or operated by steam shall be installed or operated on the mortgaged premises the Mortgagor shall insure the buildings on the said lands against loss or damage caused by such sprinkler system or by such boiler or other thing or apparatus or bursting or explosion thereof or defect therein to the full insurable value of such buildings;
 - (b) The Mortgagor shall insure such buildings against loss or damage by fire, wind, storm, hail, lightning, explosion, riot, impact by aircraft or vehicles, smoke damage and such other risks and hazards as the Mortgagee may from time to time require;
 - (c) The Mortgagee may require any insurance upon or in respect of such buildings to be cancelled and new insurance to be effected in a Company or Companies to be named by the Mortgagee and may without reference to the Mortgagor effect or maintain any insurance upon or in respect of such buildings at the cost of the Mortgagor;
 - (d) Evidence satisfactory to the Mortgagee of the renewal of every policy of insurance shall be left with the Mortgagee at least seven (7) days before the termination thereof failing which the Mortgagee may provide therefor;
 - (e) The Mortgagee shall have a lien for the Principal Sum and any amounts outstanding under this Mortgage on all insurance upon or in respect of such buildings whether effected pursuant to the foregoing covenants or not;
 - (f) The Mortgagee may, if the Mortgagor neglects to place proper insurance as set out herein or pay the premiums, insure the buildings on the said lands and all monies expended by the Mortgagee with interest at the rate aforesaid computed from the times or times of advancing the same, shall be repaid by the Mortgagor on demand, and in the meantime, the amount of such payments will be added to the said Principal Sum hereby secured.
 - (g) The Mortgagee may require that all monies payable under any insurance upon or in respect of such buildings be applied in payment of all or any of the monies payable hereunder whether or not then due and payable;
 - (h) All policies of insurance upon or in respect of such buildings shall have loss payable to the Mortgagee and shall be subject to mortgage clauses in a form approved by the Mortgagee; and

- (i) The foregoing covenants and provisions as to insurance shall apply with respect to all buildings upon the said lands whether presently existing or erected hereafter.
 - (j) The Mortgagor agrees to furnish forthwith, on the happening of a loss by fire or other hazard or peril, and at the Mortgagor's expense, all the necessary proofs of loss and to do all the acts necessary to enable the Mortgagee to obtain payment of the insurance monies.
5. **Taxes** - Subject as hereinafter provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged premises or on this Mortgage or on the Mortgagee in respect of this Mortgage; Provided that in respect of municipal taxes, school taxes, and local improvement rates (hereinafter referred to as "taxes") chargeable against the mortgaged premises:
- (a) The Mortgagee shall have the right to deduct from advances of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable as at the date of the first monthly payment and are unpaid at the date of such advances; or such proportion of the annual taxes, which when added to the accumulation of the monthly payments as set out in clause (b) would pay the annual taxes on the property.
 - (b) In addition to the monthly payment of interest the Mortgagor shall pay to the Mortgagee such monthly sum which, as estimated by the Mortgagee, when accumulated to the date of the monthly payment falling due more than ten days before the date after which a penalty is added for non-payment of such taxes, will pay the annual municipal taxes on the property. The Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes any additional sums that may be requisite in order that out of such monthly and additional payments the Mortgagee may pay the whole amount of the annual taxes at least ten days before the date after which a penalty is added for non-payment of the same. In no event, shall the Mortgagee be liable for any interest on any amount paid to it pursuant to this clause number 5, and the money so received, may be held by the Mortgagee with its own funds pending payment or application thereof as herein provided.
 - (c) The Mortgagee shall apply such deduction and payments on the taxes as they become due or at such earlier time as the Mortgagee deems fit so long as the Mortgagor is not in default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes oftener than yearly. Provided, however, that if before any sum or sums so paid to the Mortgagee shall have been so applied there shall be default by the Mortgagor in respect of any payment of as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of interest in default.

- (d) In default of the payment by the Mortgagor of monies for taxes as aforesaid, then the Mortgagee may pay such taxes and also any liens, charges, and encumbrances which may be charged against the said land and all monies expended by the Mortgagee for any such purposes shall be added to the Principal Sum hereby secured and shall bear the same rate of interest, from the date of advancement, as the Principal Sum and shall be repaid by the Mortgagor to the Mortgagee forthwith. An official receipt therefor, shall be conclusive evidence of such payment and of the validity of such taxes.
- (e) The Mortgagor covenants to transmit to the Mortgagee all assessment notices, tax notices and other documents affecting the imposition and payment of taxes against the land as soon as the same have been received by the Mortgagor and to obtain and deliver the same to the Mortgagee at least thirty days prior to the due date for the payment thereof.
6. **Fixtures** - All erections and improvements fixed or otherwise now on or hereafter put upon the said premises, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air-conditioning, ventilating, lighting, and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows, and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and of the security and are included in the expression "the mortgaged premises", and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order; and in the event of any loss or rebuild, or reinstate the same within a time to be stated by the Mortgagee and to be stated in such notice; and upon the Mortgagor's failure so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage monies shall at the option of the Mortgagee become immediately due and payable, without any demand by the Mortgagee upon the Mortgagor provided that the Mortgagee may repair, rebuild or reinstate the mortgaged premises at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor, to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage. The Mortgagor acknowledges and represents to the Mortgagee that the proceeds of this Mortgage are not for the purpose of acquiring personal property or any interest therein and in addition, the Mortgagor waives Section 105 of the Land Titles Act (Alberta).
7. **Completion of Outstanding Work** - If any building or buildings now or hereafter in course of construction on the said lands remain unfinished and without any work being done on them for a period in excess of ten consecutive days, the Mortgagee may enter upon the mortgaged premises and do all work necessary to protect the same for deterioration and to complete the buildings so remaining unfinished in such manner as the Mortgagee may deem

fit and all monies thereby expended by the Mortgagee shall be payable forthwith by the Mortgagor.

8. **Mortgagee's Remedies Upon Mortgagor's Default** - THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT in the event of default being made in any of the covenants, agreements, provisos, or stipulations expressed or implied herein:
- (a) The Mortgagee may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation.
 - (b) The Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the mortgaged premises and a solicitor to examine and report upon the title to the same.
 - (c) The Mortgagee or agent of the Mortgagee may enter into possession of the mortgaged premises and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the said premises, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease.
 - (d) That if the Mortgagee exercises any of his rights hereunder or goes into possession of the said lands or any part thereof for any purpose under the powers conferred upon him by this Mortgage, or by law, he shall not be deemed to be a Mortgagee in possession nor responsible in any way for anything other than monies actually received by him.
 - (e) It shall and may be lawful for and the Mortgagor does hereby grant full power, right and licence to the Mortgagee to enter, seize, and distrain upon the mortgaged premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises, as much of the mortgage monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent, and as part of the consideration for any advance of the Principal Sum, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress, all rights to exemptions from seizure and distress under any statute of the Province of Alberta.
 - (f) The Mortgagee may sell and dispose of the mortgaged premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the mortgaged premises; and all remedies competent may be

resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this Mortgage may be exercised; and any notice may be effectually given by leaving the same with an adult person on the mortgaged premises if occupied, or by placing the same thereon, or on any part thereon, or on any part thereof, if unoccupied, or at the option of the Mortgagee by publishing the same in some newspaper published in the Province of Alberta; and such notice shall be sufficient though not otherwise addressed than "To whom it may concern"; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the mortgaged premises hereunder, but the Vendor alone shall be responsible; and the Mortgagee may sell, transfer and convey any part of the mortgaged premises on such terms of credit or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to the Mortgagee most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any monies until the same shall be actually received in cash; and sales may be made from time to time of parts of the mortgaged premises to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make any stipulations as to title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper, and may buy in or rescind or vary any contract for sale; and on any sale or resale, the Mortgagee shall not be answerable for loss occasioned thereby; and for any such purposes the mortgagee may make and execute all agreement and assurances that the Mortgagee shall deem advisable or necessary.

- (g) The whole of the monies secured by this Mortgage shall, at the option of the Mortgagee, become due and payable.
- (h) The Mortgagee may, by instrument or instruments in writing, or by order of a court of law, appoint any person to be a Receiver (which term shall include a Receiver and Manager) of all or part of the mortgaged premises, including any rights and profits thereof, and may remove any Receiver and appoint another in his stead, and such Receiver so appointed shall have power to take possession of the property and assets mortgaged hereunder and to carry on and be in charge of any further construction or completion of the property secured hereunder and to sell, mortgage or concur in selling or mortgaging of all or any of the mortgaged premises and to lease or rent any or all of the mortgaged premises and to collect such rents and apply same against the indebtedness due to the Mortgagee hereunder, to take such proceedings which the Receiver may deem necessary or desirable in the name of the Mortgagor, or otherwise, provided that nothing herein shall constitute the Mortgagee herein a Mortgagee in possession or an "Owner" within the meaning of the Builders' Lien Act of Alberta or otherwise. The rights and powers conferred by this section are in addition to and not in substitution for any right of the Mortgagee herein, and for all

purposes and power of the Receiver, the Receiver shall have and every Receiver may in the discretion of the Mortgagee be vested with all or any of the rights and powers of the Mortgagee. Any such Receiver shall, for all purposes, be deemed the agent of the Mortgagor (or an officer of the court, if appointed or approved by Court Order) and not the agent of the Mortgagee, and the Mortgagee shall not in any way be responsible for any misconduct, negligence or nonfeasance on the part of such Receiver. The Mortgagee may from time to time fix the remuneration of such Receiver and direct the payment thereof out of the proceeds received with respect to the property secured hereunder, and all such remuneration and any and all reasonable costs of any Receiver shall be added to the debt hereby secured and shall bear interest at the rate provided for in this Mortgage to be paid. Any such Receiver may be vested with all or any of the powers and discretions of the Mortgagee, and except as otherwise may be directed by the Mortgagee, all the money from time to time received by the Receiver shall be held in trust for and paid over to the Mortgagee. The Mortgagee, in appointing or refraining from appointing of such Receiver, shall not incur any liability to the Receiver, or to the Mortgagor;

- (i) The Mortgagor further covenants and agrees that if the Mortgagee shall by any means (whether by purchase or by final order for foreclosure, transfer or otherwise howsoever) become registered as owner of the mortgaged premises, the Mortgagee shall not be liable or responsible for or in respect of any personal covenants contained in any Mortgage or encumbrances or other instrument having priority over this Mortgage; and the implied covenants set out in Section 58 of the Land Titles Act (Alberta) shall not apply to, and are negatived hereby so as not to impose any liability or responsibility upon the Mortgagee; and
- (j) The Mortgagee may exercise each or any of the foregoing powers and remedies and may do so without notice to the Mortgagor.

9. **Acceleration** - The Mortgagor agrees, that if default shall be made in payment of interest or the Principal Sum (when due) or any other monies hereby secured or any part thereof or in the performance of any of the covenants, provisos, agreements and stipulations herein expressed or implied, or if the said lands or any part thereof are expropriated, or if the Mortgagor should become bankrupt or insolvent or should be subject to the provisions of the Bankruptcy and Insolvency Act, Winding-Up Act or any other Act for the benefit of creditors or go into liquidation either voluntarily or under an order of a Court of competent jurisdiction, or make a general assignment for the benefit of creditors or otherwise acknowledges its insolvency, then in any such case the whole monies hereby secured shall at the option of the Mortgagee become due and payable in like manner and to all intents and purposes as if the time or times herein mentioned for payment thereof had come and expired; PROVIDED that no notice of the exercise of such option need be given to the Mortgagor and nothing shall be implied from the course of dealing between Mortgagee and the Mortgagor to annul this provision.

10. **Mortgagor's Covenants - THE MORTGAGOR ALSO COVENANTS AND AGREES WITH THE MORTGAGEE THAT:**

- (a) The taking of a judgment or judgments under any of the covenants contained in this Mortgage shall not operate as a merger of said covenants or of the Mortgagee's security by way of a charge against the said lands or affect the Mortgagee's right to interest at the above rate and times on any monies due or owing to the Mortgagee under the said covenants or any of them it being distinctly understood and agreed that the said rate of interest shall be payable on the amount of any judgment taken thereon.
- (b) The Mortgagee may at all times release any part or parts of the said lands or any other security or any surety for payment of all or any part of the monies hereby secured or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee, and without thereby releasing any other part of the said lands, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release the lands, securities and covenants remaining unreleased shall stand charged with the whole of the monies hereby secured.
- (c) Neither the preparation nor the execution nor registration nor acceptance of this Mortgage, nor the advance of part of the monies secured hereby, shall bind the Mortgagee to advance the said Principal Sum or any unadvanced portion thereof, but nevertheless this Mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates and the amount of such advances when so made shall be secured hereby and repayable with interest as herein provided.
- (d) No extension of time given by the Mortgagee to the Mortgagor, or any one claiming under him, shall in any way effect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies hereby secured.
- (e) No waiver by the Mortgagee of the performance of any covenant, proviso, condition or agreement herein contained or implied shall take effect or be binding on the Mortgagee unless the same be expressed in writing by the Mortgagee or his duly authorized agent and such waiver shall not abrogate such covenant, proviso, condition or agreement or be a waiver of any subsequent breach of the same.

- (f) For the better securing to the Mortgagee the payment of all monies secured by this Mortgage, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all leases and/or agreements which affect the lands or any part thereof whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits, and advantages to be derived therefrom; Provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee a mortgagee in possession or responsible for the collection of rent, or any part thereof, or any income or revenue whatsoever of and from the lands, or for the performance or observance of any covenants, terms or conditions contained in such lease or other agreement.
- (g) Should in the opinion of the Mortgagee the said lands or any part thereof not be in a proper state of repair he may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a time limited by such notice and in the event of the Mortgagor's failure to comply with such requisition such failure shall constitute a breach of covenant hereunder and in any event the Mortgagee or his agents, employees or contractors may enter upon the said lands and proceed to repair as provided in this Mortgage and shall have all the remedies set forth therein.
- (h) The Mortgagor will not rent or otherwise part with possession of the said lands or any part thereof nor will the Mortgagor further encumber the lands, without the prior written consent of the Mortgagee, provided that any such consent shall not affect the priority of this Mortgage or the rights of the Mortgagee hereunder.
- (i) All solicitor's, inspector's, valuator's, and surveyor's fees and expenses for drawing and registering this Mortgage and for examining the mortgaged premises and the title thereto, and for making or maintaining this Mortgage in its original position as a charge on the Mortgaged premises, together with all sums which the Mortgagee may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes or rates, or in or toward payment for prior liens, charges, encumbrances or claims charged or to be charged against the mortgaged premises or on this Mortgage or on the Mortgagee in respect of this Mortgage, and in maintaining, repairing, restoring, or completing, the mortgaged premises, and in inspecting, leasing, managing, or improving the mortgaged premises, including the price or value of any goods of any sort or description supplied to be used on the mortgaged premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy, or purpose hereunder or subsisting, and legal costs and all solicitor's charges or commission for or in respect of the collection of any overdue instalments or any other monies whatsoever payable by the mortgagor hereunder as between solicitor and his own client (on an indemnity basis), and an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or employee of the Mortgagee, for any purpose herein provided for and

whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise, or for any payment or action made or taken by the Mortgagee to protect its rights or priority including, but not limited to, the payment to or advance to a prior encumbrancer or mortgagee are to be secured hereby and shall be a charge on the mortgaged premises, together with interest thereon at the said rate, and all such monies shall be repayable to the Mortgagee on demand, or if not demanded then with the next ensuing instalment, except as herein otherwise provided, and all such sums together with interest thereon are included in the expression "the mortgage monies".

- (j) In the event of the mortgage monies advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of and stand in the position of and be entitled to all the equities of the party so paid whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this Mortgage or of any claim so paid, shall be final and binding on the Mortgagor.
- (k) The Mortgagee shall not be charged with any monies receivable or collectible out of the mortgaged premises or otherwise, except those actually received; and all revenue of the said premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the mortgaged premises, or in payment of taxes or other charges against the mortgaged premises, or applied on the mortgage account.
- (l) The Mortgagor shall not make, or permit to be made, any alterations, improvements, additions or reductions to the mortgaged premises without the consent of the Mortgagee, nor will the Mortgagor commit or permit any act of work upon the said lands or any portion thereof or to do or permit to be done any act which may impair the value thereof.
- (m) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the said lands to inspect the lands and buildings thereon.
- (n) The Mortgagor will deliver to the Mortgagee as and when required, in such form as the Mortgagee may reasonably require, pre-authorized cheque forms or postdated cheques duly executed by the Mortgagor, to facilitate the handling of monthly payment instalments provided for under this Mortgage.
- (o) The Mortgagor agrees to abide by and adhere to all environmental laws and regulations applicable to the said lands and will promptly advise the Mortgagee of any environmental compliance orders issued concerning the said lands and will take such action as is required to comply with these orders. The Mortgagor will indemnify the Mortgagee from all environmental clean-up costs or damages incurred

by the Mortgagee or its agents and the Mortgagor shall pay the cost of any environmental audit required by the Mortgagee, acting reasonably, during the term of this Mortgage, any renewal thereof, or until the Principal Sum and other amounts outstanding under this Mortgage have been repaid.

- (p) The Mortgagor hereby waives any right of repayment he may have or acquire pursuant to section 10 of the Interest Act of Canada and/or any similar federal or provincial legislation providing for the payment of the principal and accrued interest secured by this Mortgage prior to or otherwise than in accordance with the terms regarding the payment of principal and interest herein contained and covenants and agrees to be bound by and to observe such terms notwithstanding any statutory right of prepayment which now exists or which may hereafter exist. In addition, and without limiting the generality of the foregoing whatsoever, the date of this Mortgage for the purpose of the said sections shall be deemed to be the date for adjustment of interest as hereinbefore defined.
- (q) The Mortgagor will grant, transfer, assign and set over unto the Mortgagee such leases and subleases of the said lands and premises or part thereof as may be entered into from time to time between the Mortgagor as Lessor and a third party or third parties as Lessee, and as may be required by the Mortgagee, and all rents thereunder and all rights of the Mortgagor therein as may be required by the Mortgagee, including any guarantees thereof, as further and additional security for payment of all moneys payable hereunder; and for that purpose agrees and undertakes, upon request by the Mortgagee, to forthwith execute and complete such grant, transfer and assignment on such terms, conditions and covenants as the Mortgagee should require.
- (r) All monies whether principal, interest or other monies payable to the Mortgagee under the terms of this Mortgage shall be payable, in lawful money of Canada, to the Mortgagee in the City of Calgary, in the Province of Alberta, or such other place as may be designated by the Mortgagee.
- (s) Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the Mortgagee or any officer or agent appointed by the Mortgagee for such purpose.
- (t) Wherever the singular number or the masculine gender is used in this Mortgage the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Mortgage is executed by more than one party all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements stipulations

and provisos herein contained; and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

11. **Mortgagor's Covenants - THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT THE MORTGAGOR:**

- (a) has a good title to the said land;
- (b) has the right to mortgage the said land;
- (c) and that on default the Mortgagee shall have quiet possession of the said land, free from all encumbrances;
- (d) will execute such further assurance of the said land as may be requisite;
- (e) has done no act to encumber the said land other than as disclosed on title.

12. **Corporate Covenants (if applicable) - The Mortgagor further covenants, warrants and represents to the Mortgagee that:**

- (a) the Mortgagor is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and duly registered extra-provincially to carry on business under the laws of the Province of Alberta and has all corporate powers necessary for the borrowing of money, the execution and delivery of this mortgage and all documents collateral hereto, the owning and leasing of the mortgaged property and for the carrying out of the transactions herein contemplated;
- (b) the Mortgagor is duly authorized, qualified and licensed under all applicable laws, regulations, ordinances and orders of public authorities to carry on the business of owning and leasing the mortgaged property;
- (c) all necessary proceedings have been taken to authorize the execution, delivery and performance of this mortgage and all documents collateral hereto, and the consummation of the transactions contemplated in this mortgage and all documents collateral hereto;
- (d) the Mortgagor is not in any material respect in default under, or in violation of, any provision of its Articles or By-laws, any applicable law, decree, order, rule or regulation, any indenture, agreement, lease, deed of trust, mortgage, bond or other evidence of indebtedness or other instrument by which it is bound;
- (e) the Mortgagor is not insolvent, bankrupt or proceeding with a winding-up whether voluntary or involuntary; and

- (f) the Mortgagor will at all times promptly observe, perform, execute and comply with the terms of the Lease, and all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal, or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the mortgaged property structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.
13. **Tenancy** - For better securing the punctual payment of the said mortgage monies the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Mortgaged premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the Bankruptcy Act or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession or accountable for monies except those actually received. The Mortgagee may at any time after default hereunder enter upon the mortgaged premises, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.
14. **Discharge Documents** - On (a) payment of all monies and performance of all obligations secured hereby, and (b) at the option of the Mortgagee, the delivery to the Mortgagee of a current Canada Revenue Agency clearance certificate or other evidence satisfactory to the Mortgagee, in each case indicating that the Mortgagor is in good stand with the Canada Revenue Agency with respect to all tax filings and remittances and that no amounts are owing by the Mortgagor to Canada Revenue Agency, the Mortgagee will at the request in writing of the Mortgagor execute and deliver to the Mortgagor such releases and discharge or other instruments as may be required to discharge the charges hereby created. The Mortgagee shall have a reasonable time after payment of the mortgage monies in full within which to prepare and execute a discharge of this Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee;

and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. A tender of the mortgage monies shall not entitle the Mortgagor to receive such discharge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee, and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. Any payment that is received after 12:00 Noon on any date shall be deemed for the purpose of calculation of interest to have been made and received on the next bank business day.

15. **Charging - For the better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum and interest and other monies hereby secured, the Mortgagor, does hereby mortgage and charge to the Mortgagee all its estate and interest in the land described in Schedule "A" hereto.**
16. **Expropriation** - Without limiting any of the provisions of this Mortgage in respect to expropriation, condemnation or other public taking of lands, in the event that any portion of the lands or premises hereby mortgaged shall be purchased, acquired by agreement or otherwise taken for any public work whatsoever pursuant to the Municipal Government Act of Alberta or the Public Works Act of Alberta or any other statute or regulation by any body or corporation clothed with the powers of expropriation, then and in such event:
- (a) Any and all consideration or compensation whatsoever payable to the Mortgagor or anyone claiming an interest under or through the Mortgagor shall be payable to and shall be paid to the Mortgagee and the same are hereby assigned irrevocably to the Mortgagee accordingly, and further any such compensation paid to or to the order of or received by the Mortgagor shall be and be deemed to be held in trust for the Mortgagee; and
 - (b) At the Mortgagee's sole option the amount of the Principal Sum hereby secured remaining unpaid and any and all the other amounts outstanding under this Mortgage shall forthwith become due and payable, together with interest thereon at the said rate to the date of payment and together with a bonus equal to a sum of three months' interest at the said rate, calculated on the amount of Principal Sum so remaining unpaid.
 - (c) The Mortgagor acknowledges that it is aware of the provisions of Sections 49 and 52 of the Expropriation Act, Alberta, dealing with the situation where, in case of expropriation of lands subject to a security interest, the amount owing to the security holder is greater than the market value of the security holder's interest in the expropriated land, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and in addition the Mortgagor covenants to pay to the Mortgagee the balance between the moneys owing to the Mortgagee pursuant to this Mortgage and the moneys paid by the expropriating authority to the Mortgagee.

- (d) Any moneys awarded by an order of the Surface Rights Board with respect to all or any part of the said lands to the extent of the full amount of the indebtedness upon this Mortgage and obligations secured hereby remaining unpaid are herewith assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns.
17. **Compliance with Laws** - IT IS UNDERSTOOD AND INTENDED that this Mortgage is made with reference to and under The Land Titles Act of the Province of Alberta and the Mortgagor agrees that this Mortgage is in compliance with the terms and requirements of the Interest Act (Canada) and the Fair Trading Act (Alberta), as amended and the regulations thereunder.
18. **Application of Principal Payments** - Should the Mortgagee agree, whether in this document or otherwise, to allow the Mortgagor to make a payment of principal to reduce the Principal Sum outstanding, the Mortgagor agrees and acknowledges that such payment shall be treated as a payment separate and apart from any payment of interest and shall not be deemed to be a blended payment of principal or interest (for any reason), even if such principal payment is received at the same time as or within the same payment as one of interest. Furthermore, the Mortgagor agrees and acknowledges that should a portion of the Principal Sum outstanding be repaid (with the consent of the Mortgagee), then the Mortgagee may require the Mortgagor to reduce the monthly payments to an amount equal to the repayment of interest only. However, neither the Mortgagee's failure to request same nor the Mortgagee's acceptance of funds in excess of the interest payment shall be, nor shall it be deemed to be, a blended payment of principal and interest; such a payment shall again be treated as separate payments of principal and of interest (no matter how or when received).
19. **Amendment of Provisions** - PROVIDED ALWAYS and the same is hereby reserved and agreed that the terms of this Mortgage, including but not restricted to the terms of repayment of and the rate of interest payable under this Mortgage, the term of this Mortgage and payment amounts, may be varied, extended, increased or decreased, or otherwise amended as the Mortgagee and the then registered owner(s) of the said lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the said lands and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against said lands subsequent to the registration of this immediate Mortgage document as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.

Notwithstanding other terms herein, in the event that the Mortgagee shall agree to renew or extend the term of this Mortgage, such renewal or extension (and the rate of interest, term,

instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, the then registered owner(s) of the lands, its successors in title and assigns, and all subsequent Mortgages, encumbrances and other interests in or of the said lands (subsequent to this Mortgage and together hereinafter called "Subsequent Encumbrances") and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate of amortization stipulated in this Mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his own-client basis). No such renewal, even if made by a successor in title to the Mortgagor named herein, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal.

20. **Interest Reduced** - Notwithstanding the provisions of this Mortgage, in no event shall the aggregate "interest" (as that term is defined in Section 347 of the Criminal Code (Canada) as amended) exceed the rate of interest equal to 1/100th of one (1) per cent (0.01%) less than the effective annual rate of interest on the "credit advanced" (as defined therein) lawfully permitted under that section. The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Credit and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Mortgagee will be conclusive for the purposes of such determination. If the effective annual rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed 59.99%, or such other rate equal to 1/100th of 1 per cent (0.01%) less than the rate the Parliament of Canada may deem from time to time as the criminal rate, on the credit advanced, then:
- (a) the amount of any fees, bonuses, commissions or like charges payable in connection therewith, as designated by the Mortgagee, will be reduced to the extent necessary to eliminate such excess;
 - (b) any remaining excess that has been paid will be credited towards prepayment of the Principal Sum; and
 - (c) any overpayment that may remain after such crediting will be returned forthwith upon demand.
21. **Extensions** - No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under him, or any other dealing by the Mortgagee with the owner of said lands, or any other person or individual, shall in any way affect or prejudice the rights of the

Mortgagee against the Mortgagor or any other person liable for the payment of the moneys hereby secured.

22. **Payment by mail** - In the event that any of the moneys secured by this Mortgage are forwarded to the Mortgagee by mail, payment will not be deemed to have been made until the Mortgagee has actually received such moneys, and the Mortgagor shall assume and be responsible for all risk of loss or delay.
23. **Partial Discharge Provision** – *[deleted intentionally]*
24. **Administration Fees** –
- a) The Mortgagor shall provide the Mortgagee in advance with the Mortgagee's choice of post-dated cheques or a properly signed and completed Pre-Authorized Payment Form, to cover all payments due hereunder. In the event any post-dated cheque or automatic payment is returned to the Mortgagee as non-negotiable after being presented for payment, or in the event of a delay in presentation of a post-dated cheque for payment, which delay is the fault of the Mortgagor, the Mortgagor shall, in addition to any accrued interest, pay for each such non-payment the sum of \$200.00;
 - b) The Mortgagor shall pay to the Mortgagee a working fee for all internal costs, administrative or otherwise, for each occasion where the Mortgagee or any affiliate performs work in connection with the Loan from the time of default or when the Loan requires special attention outside the normal administration of a mortgage loan in good standing, all at the rate of \$300.00 per hour; and
 - c) The Mortgagor agrees and acknowledges that all such payments as set out in subparagraphs a) and b) inclusive are as a genuine pre-estimation of the liquidated damages suffered by the Mortgagee and not as a penalty due to increased administration costs, and such sums shall be added to the Principal Sum outstanding, charge on the Land and bear interest at the interest rate set out herein.
25. **No Transfer - Due on Sale** - AND IT IS FURTHER AGREED THAT the entire Principal Sum and all other sums outstanding under this Mortgage including, but not limited to, accrued interest may, at the option of the Mortgagee, become due and payable in the event the Mortgagor:
- a) sells, conveys, transfers or enters into any agreement or sale or transfer of the lands or any part thereof or otherwise parts with possession of the lands or any part thereof to a purchaser, grantee or transferee without the prior written approval of the Mortgagee

(save and except the rights of partial discharge or substitution of properties set out herein (if any); or

- b) issues and sells, or permits the assignment or transfer by any means, including a transfer or deemed transfer by operation of law, of all or any part of the Mortgagor's capital stock resulting in a change in the majority interest holder of the Mortgagor unless the Mortgagee has given its prior written approval to the transaction or series of transactions resulting in the change of control.

26. **Renewal** – *[deleted intentionally]*

27. **Prepayment Rights** - IT IS FURTHER AGREED THAT provided the loan secured by this Mortgage has not been in default, the Mortgagor shall have the privilege of prepaying without notice or bonus the whole of the Principal Sum hereby secured so long as the Mortgagee has received the sum of SEVEN HUNDRED AND TWELVE THOUSAND FIVE HUNDRED (\$712,500.00) DOLLARS in interest payments, as required to be paid pursuant to Section 2 herein (the "Required Interest") from the interest adjustment date or receives a sum equivalent to the difference between the interest actually paid from the interest adjustment date and the Required Interest as well as receiving all other sums outstanding under this Mortgage.

28. **Mortgagor's Default under other Loans** - The Mortgagor agrees with the Mortgagee that, if the Mortgagor defaults in the payment of the principal sum or interest under any other loan between the Mortgagor and the Mortgagee, whether entered into prior to or subsequent to the loan secured by this Mortgage, then all monies hereby secured together with interest shall, at the option of the Mortgagee, forthwith become due and payable on demand and the Mortgagee may exercise all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this Mortgage. The Mortgagee shall be at liberty in case of such default or default hereunder to pay any arrears or other sums payable under such other loan or pay all or any portion of the principal sum and interest thereby secured. Any amounts so paid by the Mortgagee shall be added to the amount hereby secured, bear interest at the rate herein provided until repaid, be a charge upon the said lands, and unless repaid to the Mortgagee upon demand, shall be recoverable from the Mortgagor in the same manner as if such sum had been originally secured hereby.

29. **Mortgagor's Default under Prior Encumbrance** - The Mortgagor agrees with the Mortgagee that, if the Mortgagor defaults in the payment of the principal sum or interest under any loan, charge or encumbrance of any nature whatsoever arising in law or in equity having priority over this Mortgage or defaults in the observance or performance of any of the covenants, terms, provisos or conditions therein contained, or defaults on any term or proviso of any loan or agreement between the Mortgagor and the Mortgagee (now in existence or in the future), then all monies hereby secured together with interest shall, at the option of the Mortgagee, forthwith become due and payable on demand and the Mortgagee may exercise

all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this Mortgage. The Mortgagee shall be at liberty in case of such default or default hereunder to pay any arrears or other sums payable under such prior mortgage or pay all or any portion of the Principal Sum and interest thereby secured. Any amounts so paid by the Mortgagee shall be added to the amount hereby secured, bear interest at the rate herein provided until repaid, be a charge upon the said lands, and unless repaid to the Mortgagee upon demand, shall be recoverable from the Mortgagor in the same manner as if such sum had been originally secured hereby.

30. **Guarantors' Default** - The Mortgagor agrees with the Mortgagee that if any Guarantor of this Mortgage makes default under any security other than this Mortgage granted as additional security for the due performance of the Mortgagor's covenants herein, the same shall constitute a default under this Mortgage and the Mortgagee shall be at liberty to exercise its rights under this Mortgage and under any one or more of the other securities, either successively or concurrently, to the same extent as if the time for payment of the Principal Sum and other sums hereby secured had fully come and expired.
31. **Subsequent Encumbrances** - The Mortgagee and Mortgagor agree there shall be no Subsequent Encumbrances registered against the Lands without the express written consent of the Mortgagee being granted and a priority and standstill agreement being obtained between the Mortgagee and the party wishing to hold the Subsequent Encumbrance.
32. **Condominium Clause** - In the event that the said lands at any time during the currency hereof, with the consent of the Mortgagee, constitute units in a condominium:
 - (a) Reference in this clause to the "Act" shall mean the Condominium Property Act, Chapter C-22, R.S.A. 2000, as amended or such similar or succeeding statute as is from time to time in force;
 - (b) The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will observe and perform each and every one of the covenants and provisions required to be observed and performed under or pursuant to the terms of this Mortgage, and the By-Laws of the Condominium Corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit(s) being charged by this Mortgage (hereinafter called the "Condominium Corporation"), and any amendments thereto;
 - (c) Without limiting the generality of the foregoing sub-paragraph (b), the Mortgagor covenants to pay promptly when due any and all unpaid assessments, installments, levies or other payments due to the Condominium Corporation by the Mortgagor as owner of the condominium unit(s);

- (d) The Mortgagor further covenants and agrees that should the Mortgagor default in its obligation to contribute to the common expenses assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or fail to pay any assessment, installment, levy or other payment due to the Condominium Corporation when due, or breach any covenant or provision hereinbefore set out, including those covenants in sub-paragraph (b) hereof, the Mortgagee, notwithstanding any action or proceeding taken or to be taken by the Condominium Corporation may, at its option and without notice to the Mortgagor, deem this Mortgage to be in default and proceed to exercise its rights herein;
- (e) Upon default by the Mortgagor and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, installments, levies or other payments due to the Condominium Corporation or the Mortgagee arising under any of the sub-paragraphs in this paragraph contained.
- (f) All assessments, installments and payments required to be paid by the Mortgagor under any of the sub-paragraphs in this paragraph contained shall be a charge on the said lands;
- (g) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee any and all of the Mortgagor's rights to vote that may exist or may come into existence in respect of the Condominium Corporation or the said lands, whether such voting rights arise pursuant to the Act, or by the By-Laws of the Condominium Corporation or any agreement with the Condominium Corporation. PROVIDED THAT in the event that the Mortgagee is either not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise the voting right without further authority. The Mortgagor covenants and agrees to execute all such documents and do all such further acts as may be necessary to give effect to this assignment of voting rights;
- (h) The Mortgagor hereby waives its right to make an application to the Court of Queen's Bench for a scheme of settlement pursuant to Section 50 of the Act, and covenants and agrees not to make any such application unless authorized in writing by the Mortgagee.

[continued on page 22]

[continued from page 21]

IN WITNESS WHEREOF the Company has hereunto affixed its Corporate Seal by the hands of its officers as of 19 day of February, 2015.

STARKE DOMINION LTD.

Per:  (c/s)

Per: _____

SCHEDULE "A"

Municipal Address: Dominion Plan, 906-12th Avenue SW, Calgary, Alberta

Legal Description:

PLAN A1

BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695.

EXCEPTING THEREOUT ALL MINES AND MINERALS

GENERAL SECURITY AGREEMENT

WHEREAS the undersigned is indebted or will be indebted to **PARAGON CAPITAL CORPORATION LTD.** (the "Lender") in the sum of **TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS** plus interest and costs, being the amount owing under a loan arrangement, dated effective the 30th day of January, 2015.

AND WHEREAS it was agreed that the undersigned should execute and deliver to the Lender this Security Agreement ("Agreement") for the purpose of further securing the due payment of the said sum;

NOW THEREFORE WITNESSETH that, in consideration of the Lender entering into the loan arrangement and other good and valuable consideration, the undersigned hereby mortgages, transfers, charges and assigns to the Lender the Collateral (as hereinafter defined) as general and collateral security for the due, prompt and complete payment, performance, satisfaction and discharge of the Obligations (as hereinafter defined). Provided always that this Agreement is entered into upon the condition that if the undersigned shall well and truly pay or cause to be paid to the Lender all amounts owing to the Lender and all amounts charged to the undersigned thereunder, without default, and performs in accordance with the terms of the loan arrangement, then this Agreement shall cease and determine.

AND IT IS AGREED as follows:

1. Grant of Security Interest

The undersigned hereby grants to the Lender a security interest in the Collateral as general and continuing collateral security for the due, prompt and complete payment, performance, satisfaction and discharge of all of the following, which are herein collectively called the "Obligations":

all obligations, indebtedness and liabilities of the undersigned to the Lender, and all extensions and renewals thereof, and whether present or future, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred and any ultimate unpaid balance thereof, and whether incurred prior to, at the time of or subsequent to the execution hereof, and whether incurred by the undersigned alone or with another, including, without limitation, all of the following: advances to the undersigned, in whatsoever form, interest and interest on interest thereon (as well after as before judgment), and all commissions, legal expenses incurred by the Lender (on a solicitor and own client basis) and other costs, charges and expenses; obligations or liabilities on account of moneys advanced, bills of exchange,

THIS IS EXHIBIT "A" Promissory notes, guarantees, indemnities, and interest, commission, facility or procurement referred to in the Affidavit of and charges; obligations or liabilities of the undersigned under any present or future Ken Fedoretz guarantee by the undersigned of the payment or performance or both of the debts, obligations Sworn before me this 15 or liabilities of a third party to the Lender; and obligations or liabilities of the undersigned day of Jan A.D. 2015 under this Agreement.

Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

2. Description of Collateral

The undersigned hereby covenants and agrees with the Lender that the following described property, assets and undertaking of the undersigned are and shall be subject to the grant, assignment, transfer, mortgage, charge and security interest granted hereunder in favour of the Lender created by this Agreement:

(i) Equipment

all of the present and future tools, machinery, equipment, furniture, chattels, fixtures, plant, motor vehicles, accessories and other tangible property now or hereafter owned or acquired or re-acquired by the undersigned, whether or not conditionally or unconditionally sold to the undersigned, (all of which are herein called the "Equipment");

(ii) Inventory

all of the present and future inventory, goods and chattels now owned or hereafter acquired by the undersigned, whether or not conditionally or unconditionally sold to the undersigned, including, without limitation, all merchandise, raw materials, work in progress, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the undersigned, (all of which are herein called the "Inventory");

(iii) Title Documents

any writing now or hereafter owned by the undersigned that purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are Inventory or Equipment, and which writing is treated as establishing that the person in possession of such writing is entitled to receive, hold and dispose of the said writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts (all of which are herein called "Title Documents");

(iv) Securities

all of the present and future shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned or acquired by the undersigned other than Title Documents (all of which are herein called the "Securities");

(v) Accounts Receivable

all of the present and future debts, accounts, claims, moneys and choses in actions which now are, or which may at any time hereafter be due or owing to or owned by the undersigned,; all of the securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the undersigned in respect of the said debts, accounts, claims, moneys and choses in action or any part thereof; and all of the books, documents and papers recording, evidencing or relating to the said debts, accounts, claims, moneys and choses n action or any part thereof (all of which are herein called the "Accounts Receivable");

(vi) Intangibles

all of the present and future intangible property now or hereafter owned or acquired by the undersigned other than Accounts Receivable, Securities, Investment Property, Inventory, Equipment or Title Documents including, without limitation, all contact rights, chattel paper, warehouse receipts, bills of lading, documents or title, insurance policies, instruments, securities, book debts, receivables which are not book debts, choses in action, licenses, permits, franchises, leases, client lists, goodwill, patents, trademarks, trade names, copyrights, other industrial and intellectual property and the undertaking of the undersigned (all of which are herein called the "Intangibles");

(vii) Real Property

all real and immovable property, both freehold and leasehold, now owned or hereafter acquired by the undersigned, together with all buildings, erections, improvements and fixtures situate thereupon or used in connection therewith, including any leases, tenancies, rights of occupation or possession (whether oral or written), together with any easements or rights of way with respect thereto, or any agreement therefor (all of which are herein called the "Real Property");

(viii) Investment Property

means a security, whether certificated or uncertificated, security entitlement, securities account, futures contract or futures account (all of which are herein called the "Investment Property");

(ix) Instruments

all bills, notes, cheques, letters of credit and other instruments, whether negotiable or not (collectively called "Instruments");

(x) Insurance Policies

all present and future Insurance Policies (as defined in section 4 hereof);

(xi) Records

all present and future books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating to the aforementioned property (all of which are herein called the "Records");

(xii) Other Property

with respect to the Equipment, Accounts Receivable, Inventory, Title Documents, Securities, Intangibles, Real Property, Investment Property, Insurance Policies and Records, all present and future substitutions and replacements thereof, increases, additions, accessions and fixtures thereto and thereon, and any interest of the undersigned therein (all of which are herein called the "Other Property");

(xiii) Proceeds

all present and future property in any form derived directly or indirectly from any dealing with the aforementioned property, assets and undertaking of the undersigned or proceeds, including property that indemnifies or compensates for property destroyed or damaged, including without limitation, proceeds of policies of insurance and expropriation proceeds (all of which property is herein called the "Proceeds").

All of the above described Scheduled Property, Equipment, Inventory, Title Documents, Securities, Accounts Receivable, Intangibles, Real Property, Investment Property, Insurance Policies, Records, Instruments, other Property and Proceeds of the undersigned are herein called the "Collateral", provided however, that the last day of any term of any lease (whether oral or written) or any agreement to lease is excepted out of the collateral charged by this Agreement, but the undersigned will stand possessed of any such reversion in trust for the Lender or such person as the Lender may direct and the undersigned will assign and dispose thereof in accordance with such direction.

3. General Warranties and Covenants of the Undersigned

The undersigned hereby represents and warrants, and covenants and agrees with the Lender that:

- (i) it is the owner and will continue to be the owner of all of the Collateral, free of all liens, charges, security interests, mortgages and other encumbrances, other than the encumbrances as specifically described in Schedule "B" hereto, which any one or more of such encumbrances are herein respectively called the "Permitted Encumbrances";
- (ii) it shall defend the Collateral against all claims and demands of all persons at any time charging the same or any interest therein;
- (iii) it shall not, without the prior written consent of the Lender, create, permit, assume, have outstanding or suffer to exist, any assignment, mortgage, lien, charge, security interest or other encumbrance on the Collateral, or any part thereof, ranking or purporting to rank prior to or pari passu with the charge and security interest created by this Agreement;
- (iv) it shall pay, and shall indemnify and save harmless the Lender against all costs and expenses (including legal fees on a solicitor and his own client basis) incurred with respect to the preparation and execution of, and any amendment to this Agreement and any financing statements, financing change statements and notices of security interest filed with respect thereto, the exercising of any or all of the rights, remedies and powers of the Lender under this Agreement, the taking, recovering or possessing of any or all of the Collateral, and of any other proceedings taken for the purpose of enforcing the remedies provided herein, or otherwise in relation to the Collateral, or by reason of non-payment of the Obligations hereby secured, including, without limitation, the appointment of a receiver, manager and/or receiver manager (whether by court order or private appointment), and all such costs and expenses shall bear interest at the same rate as in the loan by the Lender to the Undersigned, ("Interest Rate") and shall be payable on demand and calculated monthly, in arrears based on the actual number of days elapsed from the date of such demand divided by 365, until payment;
- (v) it shall keep and maintain the Collateral in good condition and repair;
- (vi) it shall pay all rents, rates, taxes, levies and assessments, ordinary or extraordinary, and all other obligations lawfully imposed (whether by governmental authority or otherwise) upon the Collateral, and upon the income and profits of the undersigned, when the same shall become due and payable; it shall duly observe and conform to all valid requirements of any governmental authority with respect to any property or

rights comprised in the Collateral; it shall perform all obligations incidental to any trust imposed upon it by statute and will ensure that any breaches of such obligations and the consequences of any such breach will be promptly remedied;

- (vii) it shall perform all of its obligations under leases, licences and other agreements to which it is a party in order to preserve and protect the Collateral and the income therefrom and will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice so as to preserve and protect the earnings, income, rents, and profits thereof;
- (viii) it shall permit the Lender and any representative of the Lender at any time during business hours to inspect its equipment, inventory, stock-in-trade and operations and for that purpose to enter the undersigned's premises and any other location where the Collateral may be situated;
- (ix) it shall keep proper books of account and records covering all its business and affairs on a current basis in accordance with generally accepted accounting principles consistently applied and shall deliver financial statements to the Lender from time to time as required by the Lender from time to time, and it shall permit the Lender and any representative of the Lender at any time during normal business hours to inspect the undersigned's books of account, records and documents, to make copies and summaries thereof and to make inquiries and tests for the purpose of verification thereof;
- (x) it shall at all times maintain its existence and shall take all prudent actions necessary or desirable to preserve all of the rights, powers, privileges and goodwill owned by it; it has full power and authority, corporate or otherwise, to execute, deliver and perform all of its obligations under this Agreement; all corporate action or otherwise on the part of the undersigned, its directors or shareholders, necessary for the authorization, execution, delivery and performance of this Agreement has been duly taken; this Agreement when duly executed and delivered by the undersigned, will be a legal, valid and binding obligation of the undersigned, enforceable against it in accordance with its terms; there is no charter or by-law provision of the undersigned, no directors' or shareholders' resolution of the undersigned, no resolution and no provision of any indenture or agreement, written or oral, to which the undersigned is a party or under which the undersigned is obligated, nor to the knowledge of the undersigned is there any statute, rule or regulation, or any judgment, decree or order of any court or agency binding on the undersigned which would be contravened by the execution and delivery of this Agreement, or by the performance of any provision, condition, covenant or other term hereof;
- (xi) the undersigned's principal place of business and the location of the office where it keeps its corporate records and records respecting the Accounts Receivable and Intangibles, is that given in section 13 hereof and all other places of business of the

undersigned are listed in section 13 hereof. The undersigned shall not change its principal place of business, or the location of the Collateral, or the location of the office where it keeps its corporate records and/or records respecting the Accounts Receivable and Intangibles, without the Lender prior written consent, and the undersigned shall give the Lender written notice within three (3) days of acquiring any other places of business;

- (xii) if a corporation, it shall not, without first obtaining the written consent of the Lender, consolidate, amalgamate or merge with any other corporation or acquire the shares of any corporation, firm or partnership or acquire the assets of any corporation, firm or partnership outside of the ordinary course of its business, nor shall it invest in, lend money to, guarantee or assume the indebtedness of any person, firm or corporation otherwise than by way of credit or advances in the ordinary course of its business in respect of goods or services required or provided by it; it shall not enter into any transaction whereby all or a substantial part of the undertaking, property and assets of the undersigned become the property of any person, firm or corporation other than the undersigned; it shall not, without the prior written consent of the Lender, increase, reduce, change, classify or reclassify its authorized or issued capital or issue any additional shares thereof; it shall not without the prior written consent of the Lender, purchase, redeem, acquire or retire any shares in the capital of any class of shares of the undersigned;
- (xiii) it shall not, without first obtaining the written consent of the Lender, change its name or its fiscal year or effect a material change in the nature and character of its business.
- (xiv) it shall pay and perform the Obligations to and in favour of the Lender as and when they become due.

The undersigned hereby covenants and agrees with the Lender that if the undersigned shall fail to perform any covenant on its part herein contained, the Lender, in its absolute discretion, but without being bound to do so, may perform any such covenant capable of being performed by it. If any such covenant requires the payment of money or if the Collateral shall become subject to any lien or charge ranking, in whole or in part, in priority to or pari passu with the charge and security interest created by this Agreement, the Lender may make such payment or pay or discharge the said lien or charge and security interest, but shall be under no obligation to do so. The undersigned covenants and agrees that all sums so paid by the Lender shall immediately be payable by the undersigned to the Lender, shall bear interest at the Interest Rate until paid, shall be calculated monthly, in advance, and shall be secured by this Agreement and that no such performance or payment shall relieve the undersigned from any default under this Agreement or any consequences of such default.

4. Insurance

The undersigned shall keep all insurable property included in the Collateral insured against loss or damage by fire, under a policy with an extended coverage endorsement, in an amount not less

than the full replacement value of the Collateral, and will maintain general business insurance, business interruption insurance, comprehensive insurance, and public liability insurance in amounts satisfactory to the Lender, all such insurance policies (collectively, the "Insurance Policies") to be with insurance companies acceptable to the Lender and to contain terms and conditions including a standard mortgage clause in the form approved by the Insurance Bureau of Canada and in form and substance acceptable to the Lender. The loss under all Insurance Policies, other than public liability, shall be payable to the Lender as its interests may appear and the undersigned shall arrange to have the entitlement of the Lender to the loss payable recorded on each policy of insurance. In any event, the production of this Agreement shall be sufficient authority for the insurer under any of the Insurance Policies to pay, and such insurer is hereby directed thereupon to pay any loss to the Lender. The undersigned shall pay all premiums in respect of all Insurance Policies as the same become payable and shall furnish the Lender with receipts for premiums as required by the Lender. In the event of loss, the Lender, at its option, may apply the proceeds of all Insurance Policies against the balance owing by the undersigned, release the said proceeds to the undersigned, or arrange for the proceeds, or any part thereof, to be used to repair, replace or rebuild the damaged property, or any combination of such applications. Where insurance proceeds are released to the undersigned, or used for the purpose of repairing, replacing, or rebuilding the damaged property, the receipt of such insurance proceeds shall not operate as payment or novation nor in any way affect the security herein or any other security for the Obligations. Should the undersigned default in its obligations as aforesaid, the Lender may maintain such insurance, and any premiums paid by the Lender together with interest thereon shall be payable by the undersigned upon demand and shall bear interest at the Interest Rate until paid and calculated monthly, in arrears. Nothing herein contained shall render the Lender liable to any person under any of the Insurance Policies for the fulfilment or non-fulfilment of any obligations of the undersigned thereunder and the undersigned hereby indemnifies from and against any and all claims, actions, liabilities, costs or demands whatsoever of any person arising from or out of any Insurance Policies. The undersigned hereby releases and indemnifies the Lender from and against any and all actions, causes of action, demands, claims, costs (including legal fees on a solicitor and his own client basis), liabilities, obligations, damages, injuries, and losses directly or indirectly arising with respect to any Insurance Policies. The undersigned hereby covenants and agrees not to terminate any Insurance Policies whatsoever at any time without the Lender prior written consent.

5. Use of Collateral

Except as specifically hereinafter provided, the undersigned shall not, without the prior written consent of the Lender sell, lease or otherwise dispose of the Collateral or any part thereof, release, surrender or abandon possession of the Collateral or any part thereof, or move or transfer the Collateral or any part thereof to a location not situated in the Province of Alberta provided that:

- (i) The Lender may, at its discretion, at any time release from the charges contained herein, any part or parts of the Collateral or any other security or surety for the Obligations either with or without sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Collateral or the undersigned from this Agreement or from any of the terms, conditions and

covenants herein contained. Every part of the Collateral into which the Collateral is or may hereafter be divided does and shall stand charged with payment of the Obligations and no person shall have the right to require the Obligations to be apportioned. The Lender shall not be accountable to the undersigned for the value of any property or security released except for any moneys actually received by the Lender, net of expenses;

- (ii) until default as hereinafter defined, the undersigned may deal with any Inventory or Intangibles so that the purchaser thereof takes title clear of the security interest created by this Agreement, provided that if such dealing results in an Account Receivable, such Account Receivable will be subject to the charge and security interest created by this Agreement, and, subject to the provisions of section 8 hereof, collect Accounts Receivable in the ordinary course of its business, provided that all money or any other form of payment received by the undersigned in payment of any Accounts Receivable will be received and held by the undersigned in trust for the Lender, provided that all such dealing and collection is in the ordinary course of business for the purpose of carrying on the same, and provided that such dealing is lawful and not inconsistent with this Agreement or any other agreement between the Lender and the undersigned or with the terms or condition of any policy of insurance thereon.

All Proceeds collected or received by the undersigned will be received by the undersigned in trust for the Lender and will be forthwith paid to the Lender.

6. Information and Inspection

The undersigned shall from time to time forthwith on demand furnish to the Lender in writing all information requested relating to the Collateral or any part thereof, and the Lender shall be entitled from time to time to inspect the Collateral wherever located including, without limitation, all books and records of the undersigned relating thereto, and for such purpose the Lender shall have access to all places where the Collateral or any part thereof is located and to all lands and premises of or occupied by the undersigned.

7. Default

All of the Obligations will immediately become due and payable and the security hereby constituted will immediately become enforceable in each and every one of the following events (collectively, "Events of Default"):

- (i) if the undersigned defaults in payment or performance of any of the Obligations:
- (ii) if the undersigned defaults in making any payment hereby required or in observing, performing or complying with any covenant, agreement, undertaking, term, condition or obligation with or in favour of the Lender or if any of the representations and warranties of

the undersigned to or in favour of the Lender are or become untrue or incorrect;

- (iii) if any proceedings are commenced under the Companies' Creditors Arrangement Act or if any order is made or resolution passed for the winding-up of the undersigned, or if a receiving order is made under the Bankruptcy Act against the undersigned or an authorized assignment is made by the undersigned or if a receiver or manager or receiver and manager or agent is appointed by or on behalf of a creditor of the undersigned (whether by court or private appointment) over all or part of the assets of the undersigned or if a proposal is made by the undersigned to its creditors under the Bankruptcy Act;
- (iv) if an encumbrancer, whether permitted or otherwise, takes possession of the Collateral, or if any process of a court, execution, distress, or analogous process becomes enforceable or is enforced against the Collateral, the validity of which is not being diligently contested in good faith at the time by the undersigned by proper legal proceedings provided that such proceedings effectively postpone enforcement of same and provided further that same is vacated or lifted within 30 days of the undersigned becoming aware of or receiving notice thereof;
- (v) if the undersigned ceases or threatens to cease to carry on its business, commits any act of bankruptcy, becomes insolvent, proposes a compromise or arrangement to its creditors or transfers or in any way parts with possession of all or a substantial part of the Collateral to any person;
- (vi) if any guarantor of the undersigned to the Lender is in default under its, his or her guarantee and/or any collateral security given therefor in favour of the Lender;
- (vii) if the Lender, in good faith, at any time and from time to time believes that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated;
- (viii) if, without the prior written consent of the Lender, the outstanding shares in the capital of the undersigned are sold, assigned, transferred or hypothecated, or if additional shares in the capital of the undersigned are issued to any person, so as to directly or indirectly cause a change in voting control of the undersigned;
- (ix) if, in the reasonable opinion of the Lender there is a material adverse change in the financial condition, business or operations of the undersigned.

8. Remedies

Upon the occurrence of any one or more Events of Default, in addition to any other rights available to it, the Lender may appoint in writing any person to be a receiver (which term shall include an agent, manager or receiver and manager) of all or any part of the Collateral, including any rents and profits thereof, and may remove any receiver and appoint another in its stead, and such

receiver so appointed shall have power to enter upon and use, without charge, all lands and premises of or occupied by the undersigned and have the power to exclude the undersigned, its agents and its servants therefrom, to take possession of the Collateral, to preserve, protect and maintain the Collateral and make such replacement thereof and additions thereto as the Lender may deem advisable, to carry on or concur in carrying on the business of the undersigned, to retain the Collateral for such period as it deems advisable, to borrow upon the security of the Collateral in priority to the security interest constituted hereby, to advance its own money to the undersigned at such rates of interest as it may deem reasonable, and to sell or concur in selling or otherwise disposing of the Collateral or any part thereof, provided that the Lender or such receiver will not be required to sell, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the undersigned or any other person or persons whomsoever.

The Lender or such receiver shall have the power to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Lender, the receiver or the undersigned for the purpose of exercising any of the aforesaid rights, powers and remedies, including the institution of proceedings for the appointment of the receiver. Any such receiver shall be deemed to be the agent of the undersigned for the purpose of establishing liability for the acts or omissions of such receiver and the Lender will not be liable for such acts or omissions. The Lender may from time to time fix the remuneration of such receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a solicitor and own client basis) properly incurred by such receiver. All moneys from time to time received by such receiver may be paid by the receiver first to discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral, second in payment of the receiver's remuneration as receiver, third in keeping in good standing any mortgages, security interests and other encumbrances, liens and charges on the Collateral ranking prior to the security interest constituted by this Agreement, and fourth, in or toward payment of such parts of the Obligations of the undersigned to the Lender as to the Lender seems best, and any residue of such moneys so received shall be paid to the undersigned or to the person otherwise entitled. If the moneys received by the Lender or by a receiver pursuant to this section are not sufficient to pay, perform and satisfy the Obligations in full, the undersigned will immediately pay to the Lender the amount of such deficiency. Upon the Lender taking possession of any of the Collateral or the appointment of a receiver at any time, all the powers, functions, rights and privileges of the undersigned and any officers, directors, servants and agents of the undersigned with respect to all or any of the Collateral will be suspended unless specifically continued by the written consent of the Lender; however, all other powers, functions, rights and privileges of the undersigned and its officers, directors, servants and agents will be unaffected by such events. The Lender in appointing or refraining from appointing such receiver shall not incur any liability to the receiver, the undersigned or any other person.

9. Accounts Receivable

The undersigned hereby agrees and undertakes to furnish and deliver to the Lender whenever requested to do so, a list of all Accounts Receivable, including the names and addresses of all debtors of the undersigned with the amounts owing by each, the time all such amounts have been outstanding

and any security granted therefor. The Lender may collect, demand, sue for, enforce, recover, realize, sell or otherwise deal with the Accounts Receivable or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default hereunder, as may seem to it advisable and without notice to the undersigned (except as otherwise required by any applicable law), and the Lender may give valid and binding receipts and discharges therefor, the whole to the same extent and with the same effect as if the Lender were the absolute owner thereof and without regard to the state of accounts between the undersigned and the Lender, and the undersigned hereby irrevocably appoints the Lender the attorney of the undersigned to give effect to the foregoing. The Lender shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Accounts Receivable or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Lender, the undersigned or any other person in respect of the same. All moneys collected or received by the undersigned in respect of the Accounts Receivable shall be received as trustee for the Lender and shall be forthwith paid over to the Lender. All moneys collected or received by the Lender in respect of the Accounts Receivable or other Collateral may be applied on account of such parts of the indebtedness and liability of the undersigned to the Lender as to the Lender seems best or in the discretion of the Lender may be released to the undersigned, all without prejudice to the liability of the undersigned or to the rights of the Lender.

10. Charges and Expenses

The Lender may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices, services and disbursements on a solicitor and his own client basis) in connection with realizing, disposing of, retaining or collecting the Collateral or any part thereof or enforcing any of its other rights hereunder, and such sums shall be a first charge on the proceeds of realization, disposition or collection.

11. Further Assurances

The undersigned shall from time to time forthwith on the Lender's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Lender of or with respect to the Collateral or as may be required to give effect to these presents, and, after the happening of any event by which the security hereby constituted becomes enforceable, to commence, continue or defend any proceedings authorized to be taken hereunder and generally to use the name of the undersigned in the exercise of all or any of the powers hereby conferred on the Lender, and the undersigned hereby constitutes and appoints any officer for the time being of the Lender the true and lawful attorney of the undersigned irrevocable with the full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

12. Dealings by the Lender

The Lender may grant extensions of time and other indulgences, take and give up security,

accept compositions, grant releases and discharges and otherwise deal with the undersigned, debtors of the undersigned, sureties and others and with the Collateral and other security as the Lender may see fit without prejudice to the liability of the undersigned or the Lender's right to hold and realize the security constituted by this Agreement.

13. Location of Collateral

The Collateral is now and will hereafter be kept at the following place or places:

as set out and described in Schedule "A" attached hereto and elsewhere in the Province of Alberta

and subject to the provisions of section 5 hereof, none of the Collateral shall be removed therefrom without the written consent of the Lender.

14. General

- (i) The undersigned covenants and agrees with the Lender that the security hereby constituted is in addition to and not in substitution for and shall not be affected nor prejudiced by any other security now or hereafter held by the Lender and that this security shall not merge in nor suspend the completion of nor affect the rights, recourses and powers of the Lender with respect to any other security now or hereafter held by the Lender and that this security shall be deemed to be continuing security for the Obligations until all of the Obligations are paid, performed and satisfied in full. The security hereby constituted shall continue and be effective notwithstanding that the Obligations are from time to time reduced and/or increased or paid in full and further advances are made by the Lender, and all present and future advances made by the Lender shall be hereby secured. The undersigned further covenants and acknowledges that this security shall not be considered as satisfied or discharged by any intermediate payment of the whole or part of the Obligations but shall constitute and be a continuing security to the Lender;
- (ii) No remedy for the enforcement of the rights of the Lender hereunder shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination. Any breach by the undersigned of any of the provisions contained in this Agreement or any default by the undersigned in the observance or performance of any covenant or condition required to be observed or performed by the undersigned hereunder may only be waived by the Lender in writing, provided that no such waiver by the Lender will extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom. The taking of a judgment or judgments with respect to any of the Obligations will not operate as a merger of any of the covenants contained

in this Agreement.

- (iii) Neither the execution nor delivery of this Agreement will obligate the Lender to advance any moneys to the undersigned. The security interest created or intended to be created by this Agreement is intended to attach to the Collateral in existence when this Agreement is signed by the undersigned and to all other property of the kinds referred to in section 2 hereof immediately upon the undersigned acquiring rights therein, and there is no agreement to postpone the time for attachment.
- (iv) Any demand, notice or other communication to the undersigned in connection with this Agreement will be deemed to be made, given and received:
 - a. if mailed by prepaid mail addressed to the undersigned at its registered office or to the last known address if the undersigned is not a corporation, on the day following the day on which it was mailed, during a period of uninterrupted mail service, whether or not the same be returned undelivered; or
 - b. if delivered to the undersigned at, or sent by prepaid courier service to the address for notice set forth on the signature page hereof, or personally served upon any servant, employee or partner of the undersigned, at the time of such delivery or service.
- (v) The insertion of headings in this Agreement is for convenience or reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise specified herein, all statements of or reference to dollar amounts in this Agreement will mean lawful money of Canada.
- (vi) This Agreement and all documents delivered pursuant hereto shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The undersigned hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta. Where any provision or remedy contained or referred to in this Agreement is prohibited, modified or altered by any laws and the provision of remedies may be waived or excluded by the undersigned in whole or in part, the undersigned hereby waives and/or excludes such provision to the full extent permissible by law. Without limiting the generality of the foregoing, the undersigned agrees to waive those provisions of the Personal Property Security Act (Alberta) which may be waived and which are contrary to any provision of this Agreement.
- (vii) If any provision hereof is held to be illegal, invalid or unenforceable, such provision shall be deemed to be severed from the remainder of this Agreement and the remaining provisions of this Agreement shall not be affected thereby and shall continue in full force and effect.

- (viii) This Agreement shall be binding on the undersigned and its heirs, administrators, legal representatives, successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The undersigned shall not assign any rights or obligations hereunder. The Lender may assign any and all of its rights and/or obligations under this Agreement and may transfer the security hereunder and give new security to any person, corporation or other entity designated by the Lender, as the Lender may deem advisable.
- (ix) No modification or waiver of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and duly executed by the parties hereto or thereto and then such modification or waiver shall be effective only in the specific instance and for the purpose for which given. Time will in all respects be of the essence of this Agreement, and no extension or variation of this Agreement or any obligation hereunder will operate as a waiver of this provision.
- (x) The undersigned hereby waives its right to receive a copy of any financing statement or financing change statement registered by the undersigned or any verification statement received in respect thereof.
- (xi) The undersigned acknowledges having received a signed copy of this Agreement.

IN WITNESS WHEREOF the undersigned has hereunto affixed its Corporate Seal by the hands of its officers this 19 day of February, 2015.

STARKE DOMINION LTD.

Per:  (c/s)

Per: _____

SCHEDULE "A"

Location of Collateral
(Paragraph 13)

Municipal Address: Dominion Plan, 906-12th Avenue SW, Calgary, Alberta

Legal Description:

PLAN A1
BLOCK 74
LOTS 21 TO 34 INCLUSIVE
EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695
EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"

PERMITTED ENCUMBRANCES
(Paragraph 3)

As set out in or at the Personal Property Security Registry as at the 11th day of February, 2015.

Transmitting Party

ACCU SEARCH INC. (P153)

320 EDM CITY CENTRE E, 10205 101 STREET
EDMONTON, AB T5J 4H5

Party Code: 50073170
Phone #: 780 424 2340
Reference #: 56,886

Security Agreement

Control #: F03632066

Registration Date: 2015-Feb-25

Registration #: 15022503553

Financing Change Statement

Use this section to Renew or Discharge this Registration. Note before returning, make a photocopy for your file.

Place an (X) in the appropriate box

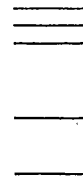
Renew for: (1-25 years) _____

OR Renew for Infinity:

Total Discharge : **Discharge permanently removes ALL record of the registration(s).**

Name of Person Authorized to Complete this section	Authorized Signature	Area Code & Telephone #:	Reference #:





Security Agreement

Control #: F03632066

Registration Date: 2015-Feb-25

Registration #: 15022503553

The Registration Term is 2 Years

This Registration Expires at 11:59 PM on 2017-Feb-25

Debtor(s)

Block

1 STARKE DOMINION LTD.
910, 906-12 Avenue SW
Calgary, AB T2R 1K7

Secured Party / Parties

Block

1 PARAGON CAPITAL CORPORATION LTD.
1200, 1015-4 Street SW
Calgary, AB T2R 1J4

Collateral: General

Block **Description**

1 ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PROPERTY AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL PROCEEDS OF ANY NATURE, KIND OR DESCRIPTION WHATSOEVER THEREFROM.

End of Verification Statement



Paragon Capital Corporation Ltd.
 1200, 1015 4th Street SW
 Calgary, Alberta T2R 1J4
 ☎ 403 263 6446
 ☎ 403 263 6445
 ✉ paragon@paragoncorp.ca
 🌐 www.paragoncorp.ca

THIS IS EXHIBIT " G "
 referred to in the Affidavit of
Ken Fedoretz
 Sworn before me this 12
 day of Jan A.D. 20 18

February 17, 2017

Starke Dominion Ltd.
 910, 906 – 12th Avenue SW.
 Calgary, A.B.

[Signature]
 MICHAEL WHITING
 Barrister & Solicitor

Attn: David Harrison

Dear Sir:

Re: \$25,000,000.00 Mortgage to Paragon Capital Corporation Ltd.
Property: 908 12th Avenue S.W., Calgary, Alberta
Legal description: Plan A1, Block 74, Lots 21 to 34

Please be advised that the above referenced loan facility matures on March 1, 2017 and Paragon is pleased to extend the maturity of this loan under the following terms and conditions:

- Term:* March 1, 2017 to March 1, 2018
- Renewal Fee:* 1.5% of the principal balance owing of \$25,000,000, or the sum of \$375,000 to be capitalized.
- Interest Rate:* 5.70% per annum, compounded monthly
- Payments:* \$118,750 per month, interest only.
- Other Terms:* The property manager will sweep excess cash flow of \$30,000 per month to be held in a separate account only to be used for tenant improvements and lease commissions with the written approval of the lender. Excess cash flow over \$30,000 can be released to the owner, should the cash flow fall below \$30,000, the lender will be notified immediately.

The property will at all times maintain a minimum DSC of 1.25X utilizing actual NOI and actual mortgage payments.

[Handwritten signature]

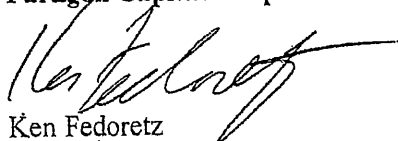
Upon acceptance, a formal amending agreement will be required and registered requiring postponements from all parties registered on title.

Monthly payments will continue to be paid by the property manager when due.

With the exception of the above amendments, all other terms and conditions of the original mortgage and loan agreement will remain in full force.

The above proposal is open for your acceptance on or before 4:00 MST, Wednesday, February 15, 2017, otherwise, it becomes null and void. Should you have any questions or concerns, please do not hesitate to call.

Sincerely,
Paragon Capital Corporation Ltd.


Ken Fedoretz

ACCEPTANCE

We hereby acknowledge and accept the above terms and conditions, this 10th day of February, 2017.

Starke Dominion Ltd.

Per: 

MORTGAGE AMENDING AGREEMENT

THIS AGREEMENT made effective this 17 day of February, 2017

BETWEEN:

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Ken Fedoretz

Sworn before me this 12
day of Jan A.D. 2018

~~A Commissioner for Oaths
in and for the Province of Alberta~~

MICHAEL J. WHITING
Barrister & Solicitor

STARKE DOMINION LTD.
(hereinafter referred to as the "Owner")

OF THE FIRST PART

- and -

PARAGON CAPITAL CORPORATION LTD.
(hereinafter referred to as the "Mortgagee")

OF THE SECOND PART

WHEREAS:

1. The Owner is registered as owner in fee simple of the following lands, namely;

See Schedule "A" attached hereto.

(hereinafter together with all improvements situate thereon referred to as the "Lands").

2. The Mortgagee holds a registered Mortgage upon the Lands dated on or about February 19, 2015 and registered at the Land Titles Office in Calgary, Alberta on March 3, 2015, as Instrument No. 151 065 139 (hereinafter referred to as the "Mortgage") with respect to a loan agreement (the "Agreement") to secure repayment of the sum of TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS (the "Principal Amount") with interest thereon at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, in the same manner and subject to all the same covenants, terms and conditions as determined and adjusted in the Mortgage (the "Loan").
3. The outstanding Principal Amount on February 17, 2017 was TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS, and there was anticipated accrued interest to February 28, 2017 in the amount of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS.
4. The Mortgagee has agreed to extend the Maturity Date to the first day of March, 2018 (the "First Extended Maturity Date").
5. The Parties hereto have agreed that the Mortgage and Agreement shall be amended and varied in the manner and to the extent only as hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and mutual agreements herein contained, the parties hereto covenant and agree as follows:

1. The Mortgagee and the Owner agree:

- a. The outstanding Principal Amount on February 17, 2017 was TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS, and there was accrued interest to February 28, 2017 in the amount of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS; and
- b. To extend the time for the payment of the Principal Amount to the first day of March, 2018 (the "First Extended Maturity Date"). ✓

2. The Owner agrees as follows:

- a. To pay to the Mortgagee at #1200, 1015 - 4th Street S.W., Calgary, Alberta, T2R 1J4, or such other place or places as the Mortgagee may designate, the said Principal Amount together with interest thereon at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, in the same manner and subject to all the same covenants, terms and conditions as determined and adjusted in the Mortgage as extended hereby and both before and after default and judgment, by consecutive monthly instalments of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS each (to include payment of interest only) on the First day of each and every month in each and every year from and including the first day of April, 2017, to and including the first day of March, 2018 Extended Maturity Date, the aforesaid monthly instalments to be applied firstly to interest calculated as aforesaid on the principal monies from time to time outstanding under the Mortgage, and the balance of the said monthly instalments to be applied on account of principal (except, however, that in the case of default by the Owner the Mortgagee may apply any payments received during the period of default in whatever order it may elect as between taxes, assessments, interest, repairs, insurance premiums, principal and other monies payable under the Mortgage).
- b. The balance of the Principal Amount shall become due and shall be paid on the first day of March, 2018. ✓
- c. The Owner is fully bound by and will observe and perform all the terms, obligations, stipulations, powers and provisions contained in the Agreement, and the Owner confirms that the Lands and all the estate and interest of the Owner therein are mortgaged and charged by the Mortgage to secure payment of the Principal Amount, interest and other monies mentioned in the Agreement (as hereby amended).
- d. In the event of default being made in any of the covenants, agreements or provisions expressed or implied in the Agreement or in this Agreement, the Mortgagee may exercise any or all of its rights and remedies provided for under the Mortgage; and, without limiting the generality of the foregoing, the whole of the Principal Amount and all other monies payable under the Agreement (as amended), shall, at the option of the Mortgagee, become immediately due and payable.

- e. PROVIDED ALWAYS and the same is hereby reserved and agreed that the terms of this Agreement, including but not restricted to the terms of repayment of and the rate of interest payable under this Agreement, may be varied, extended, increased or decreased, or otherwise amended as the Mortgagee and the then registered owner(s) of the said lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Agreement, and all of the same without prejudice to the rights of the Mortgagee against either the Owner or any person(s) liable for the payment of the monies secured by this Agreement; further any alteration aforesaid may but need not be registered against the said lands and whether or not so registered, this Agreement, as so altered, shall rank in priority to any and all interests registered against said lands subsequent to the registration of this immediate Agreement document as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.
 - f. That all amendments and variations shall be deemed to be effective as and from the 17th day of February, 2017 as if such amendments and variations were contained in the Mortgage *ab initio* however, in all other respects the Agreement shall remain the same and the parties hereto shall be bound by the terms of the Agreement.
3. The parties hereto do further covenant and agree as follows:
- a. This agreement shall not be or be constituted an accord and satisfaction between the Owner and the Mortgagee with respect to the indebtedness under the Agreement, and neither the Agreement nor any security collateral thereto (including without limitation any guarantee or other surety, assignment of rents, assignment of lease, or chattel mortgage) shall in any way be discharged, released or prejudiced by this Agreement (or any prior term extension or mortgage renewal) and shall in no way be affected by this Agreement (or any prior term extension or mortgage renewal), save to the extent that the Agreement is hereby expressly modified and that the Agreement (and all security collateral thereto) shall continue in full force and effect and shall secure all interest and other obligations of the Owner under the Agreement (and collateral security) as modified hereunder, as a charge upon the Lands.
 - b. This agreement is intended to be and shall operate as and shall constitute an amending agreement and not a novation of the Agreement.
 - c. Without limiting the generality of the preceding clause (b), nothing in this agreement or in any prior extension or renewal of the Agreement shall be or constitute or operate as a release or waiver of any personal covenants contained in the Agreement, or a release or discharge of any surety of or for the Agreement.
 - d. This agreement shall extend to, be binding upon, and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.
 - e. The Owner shall secure and provide to the Mortgagee any and all such postponements and other assurances and instruments as the Mortgagee may reasonably require to secure the

same priority for this agreement and any caveat in respect thereof as is enjoyed by the Agreement; and failing that being done the Mortgagee at its sole option may declare this agreement to be null and void.

- f. The Owner shall pay and indemnify the Mortgagee against Mortgagee's solicitor's fees and disbursements, on a solicitor-and-his-own-client basis, in respect of or arising out of this agreement and any caveat, postponements and other instruments arising out of same or pertaining thereto, and all such fees and disbursements shall be a charge upon the Lands under and pursuant to the Agreement.
- g. If any term or provision in this agreement shall be void or unenforceable for any reason whatsoever, the same shall be severable herefrom and this agreement shall remain in full force as to all terms and provisions remaining after severance.
- h. The Owner shall pay to the Mortgagee the sum of THREE HUNDRED AND SEVENTY-FIVE THOUSAND (\$375,000.00) as and by way of an Extension Fee for the Loan amendment. The parties agree that such Extension Fee shall be capitalized immediately.

IN WITNESS WHEREOF the corporate parties hereto have caused their respective corporate seals to be affixed hereto in the presence of their respective proper officers duly authorized in that behalf attested by the signatures of such officers, and the individual parties hereto have hereunto set their hands and seals, the day and year first above written.

STARKE DOMINION LTD.
by its authorized signatory(ies):

_____(c/s)
Authorized Signatory

_____(c/s)
Authorized Signatory

PARAGON CAPITAL CORPORATION LTD.
by its authorized signatory(ies):

_____(c/s)
Authorized Signatory

_____(c/s) *Seal*
Authorized Signatory

same priority for this agreement and any caveat in respect thereof as is enjoyed by the Agreement; and failing that being done the Mortgagee at its sole option may declare this agreement to be null and void.

- f. The Owner shall pay and indemnify the Mortgagee against Mortgagee's solicitor's fees and disbursements, on a solicitor-and-his-own-client basis, in respect of or arising out of this agreement and any caveat, postponements and other instruments arising out of same or pertaining thereto, and all such fees and disbursements shall be a charge upon the Lands under and pursuant to the Agreement.
- g. If any term or provision in this agreement shall be void or unenforceable for any reason whatsoever, the same shall be severable herefrom and this agreement shall remain in full force as to all terms and provisions remaining after severance.
- h. The Owner shall pay to the Mortgagee the sum of THREE HUNDRED AND SEVENTY-FIVE THOUSAND (\$375,000.00) as and by way of an Extension Fee for the Loan amendment. The parties agree that such Extension Fee shall be capitalized immediately.

IN WITNESS WHEREOF the corporate parties hereto have caused their respective corporate seals to be affixed hereto in the presence of their respective proper officers duly authorized in that behalf attested by the signatures of such officers, and the individual parties hereto have hereunto set their hands and seals, the day and year first above written.

Seal
STARKE DOMINION LTD.
by its authorized signatory(ies):



Authorized Signatory (c/s)

Authorized Signatory (c/s)

PARAGON CAPITAL CORPORATION LTD.
by its authorized signatory(ies):

Authorized Signatory (c/s)

Authorized Signatory (c/s)

SCHEDULE "A"

Municipal Address: Dominion Plan, 906-12th Avenue SW, Calgary, Alberta

Legal Description:

PLAN A1

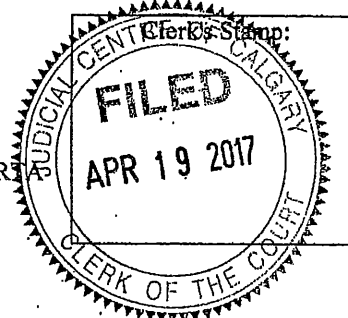
BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695

EXCEPTING THEREOUT ALL MINES AND MINERALS

I hereby certify this to be a true copy of
the original _____
Dated this _____ day of _____
for Clerk of the Court



COURT FILE NUMBER 1901-02303

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF STRATEGIC ACQUISITION CORP.

DEFENDANTS MULTUS INVESTMENT CORPORATION, QUALIA REAL ESTATE INVESTMENT FUND V LIMITED PARTNERSHIP, STARKE CAPITAL CORP., STARKE DOMINION LTD., 1680472 ALBERTA LTD., JOHN/JANE DOE 1 THROUGH 10, XYZ CORPORATION 5 THROUGH 10, ABC PARTNERSHIP OR LIMITED PARTNERSHIP 1 THROUGH 10, OPAL INVESTMENT CORPORATION, FRANKLIN BUILDING AAM GP CORP., STARKE FRANKLIN INDUSTRIAL LTD., STARKE PLAZA 14 LTD., PARAGON CAPITAL CORPORATION LTD., and S.A. BACKLIN PROFESSIONAL CORPORATION

DOCUMENT ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Doug McGillivray, Q.C./J. Kelly Hannan
Phone Number: (403) 260-0349/260-0126
Fax Number: (403) 260-0332
Email Address: dam@bdplaw.com/jkh@bdplaw.com
File No. 73477-1

DATE ON WHICH ORDER WAS PRONOUNCED: **March 31, 2017**

LOCATION OF HEARING OR TRIAL: **Calgary**

NAME OF JUSTICE WHO MADE THIS ORDER: **Justice Mahoney**

THIS IS EXHIBIT " I "
referred to in the Affidavit of
Ken Fedoretz
Sworn before me this 12
day of Jan A.D. 2018

Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

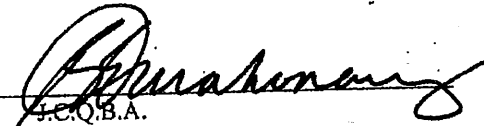
I hereby certify this to be a true copy of
the original Order
Dated this 19 day of April 2017
Mneitzert
for Clerk of the Court

UPON THE APPLICATION of Starke Capital Corp. and Starke Dominion Ltd. filed March 14, 2017 for an Order concerning the registration of a Mortgage Amending Agreement dated February 17, 2017 between Starke Dominion Ltd. and Paragon Capital Corporation Ltd. (the **Mortgage Amending Agreement**) on title to Dominion Place and its priority to other registrations on such title; **AND UPON HEARING** counsel for Starke Capital Corp. and Starke Dominion Ltd and counsel for Strategic Acquisition Corp. **AND UPON** reviewing the affidavits of David Harrison sworn March 3, 2017 and March 13, 2017;

IT IS HEREBY ORDERED AND DECLARED THAT:

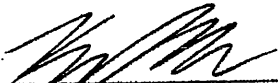
1. Notwithstanding section 191 of the *Land Titles Act*, RSA 2000 c L-4; this Order and the Mortgage Amending Agreement between Starke Dominion Ltd. and Paragon Capital Corporation Ltd., executed February 17, 2017 (the **Mortgage Amending Agreement**) shall be registered concurrently on title to the lands legally described as Plan A1, Block 74, Lots 21 to 34 inclusive, excepting thereout the road widening on Plan 8211695 and excepting thereout all mines and minerals (**Dominion Place**).
2. The following registrations on Dominion Place are postponed to and stand in priority behind Registration No. 151 065 139 and the Mortgage Amending Agreement, including all amounts owing thereunder:
 - (a) Registration No. 131 019 632;
 - (b) Registration No. 131 046 054;
 - (c) Registration No. 131 228 815;
 - (d) Registration No. 131 269 927;
 - (e) Registration No. 171 005 807;
 - (f) Registration No. 171 005 808; and
 - (g) Registration No. 171 025 934.
3. The Registrar of the Land Titles Office is directed to register this Order on an expedited basis.
4. The parties are directed to maintain the *status quo* and not to engage in any further court action in regard to Dominion Place until appeal, File No. 1601-0349AC, scheduled for May 19, 2017 is decided.
5. Costs are awarded to the Applicants, Starke Capital Corp. and Starke Dominion Ltd. for a contested Chambers motion without briefs under Column 5 of Schedule C plus reasonable disbursements and GST.

Amea 171 082 889 082

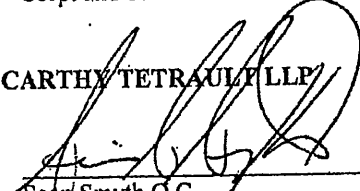

P. Curran
J.C.Q.B.A.

AGREED AS TO FORM AND CONTENT:

BURNET, DUCKWORTH & PALMER LLP

Per: 
for: Doug McGillivray Q.C./ J. Kelly Hannan
Counsel for the Defendants, Starke Capital
Corp. and Starke Dominion Ltd.

MCCARTHY TETRAULT LLP

Per: 
Sean Smyth Q.C.
Counsel for the Plaintiff, Strategic
Acquisition Corp.



CARSCALLEN LLP

June 7, 2017

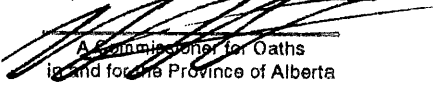
Michael J. Whiting
Direct Line: (403) 298-8473
whiting@carscallen.com

THIS IS EXHIBIT " J "
referred to in the Affidavit of
Ken Fedoretz
Sworn before me this 12
day of Jan A.D. 2018

File No. 27064.004

REGISTERED MAIL

Starke Dominion Ltd.
330, 1414 - 8th Street, SW
Calgary, Alberta T2R 1J6


A Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

Dear Sir/Madam:

**Re: Lender: Paragon Capital Corporation Ltd.
Borrower: Starke Dominion Ltd.
Loan Facilities: Loan Payment, Mortgage and Promissory Note**

We are solicitors for Paragon Capital Corporation Ltd. ("Paragon") regarding the above referenced matter. We have been contacted by our client with respect to a certain loan facilities that Starke Dominion Ltd. ("Starke") has with Paragon. We are advised that Starke is currently in default of its obligations due and owing under the terms of the loan facilities. Accordingly, we hereby make formal demand upon Starke for repayment as follows:

- | | |
|--|------------------------|
| 1. Outstanding loan amount and interest as at June 6, 2017 (per diem interest thereafter \$3,964.39) | \$25,405,826.40 |
| 2. Solicitor and client costs for the within demand letter | \$500.00 |
| Total as at June 6, 2017 (per diem interest thereafter in the amount of \$3,964.39) | \$25,406,326.40 |

We require payment of the above-noted sum within ten (10) days of this correspondence, payable to Paragon by way of certified cheque, bank draft, or money order. If Paragon is not in receipt of the funds within the referenced timeframe, we anticipate receiving instructions from our client to commence or continue proceedings against Starke through the Court of Queen's Bench of Alberta without further notice, which may include, but is not limited to, the foreclosure of the Mortgage facility.

In addition, we note that Stark executed a General Security Agreement in favour of Paragon on or about February 19, 2015. The General Security Agreement was registered and perfected at the Personal Property Registry of Alberta on February 25, 2015, as registration number 15022503553. The General Security Agreement was registered and perfected as against all present and after acquired personal property of Starke, including all proceeds associated therewith.

June 7, 2016

Page 2

Further, we note that Starke executed an Assignment of Rents in favour of Paragon on or about February 19, 2015. The Assignment of Rents was registered at the South Alberta Land Titles Office as instrument number 151 065 140.

We are enclosing with this demand letter our Notice of Intention to Enforce Security pursuant to the provisions of the *Bankruptcy and Insolvency Act*.

Yours truly,

CARSCALLEN LLP

Michael J. Whiting

hn
Enclosure

FORM 86
NOTICE OF INTENTION TO ENFORCE SECURITY
(SECTION 244(1) - RULE 124)

TO: Starke Dominion Ltd. (the "Debtor"), an insolvent person

TAKE NOTICE THAT:

1. Paragon Capital Corporation Ltd., a secured creditor, intends to enforce its security on the insolvent person's property, being all of the Debtor's present and after acquired personal property.
2. The security that is to be enforced is, *inter alia*, in the form of a General Security Agreement executed by the Debtor in favour of Paragon Capital Corporation Ltd. on February 19, 2015, which General Security Agreement was registered and perfected at the Personal Property Registry of Alberta on February 25, 2015, as registration number 15022503553. In addition, the Assignment of Rents executed by the Debtor in favour of Paragon Capital Corporation Ltd. on February 19, 2015, which was registered at the South Alberta Land Titles Office as instrument number 151 065 140.
3. The total amount of the indebtedness secured by the General Security Agreement and the Assignment of Rents, as of June 6, 2017 is \$25,405,826.40, plus accruing interest, costs, charges, expenses and fees, including, without limitation, solicitor and own client costs incurred by Paragon Capital Corporation Ltd. on a full indemnity basis.
4. The secured creditor Paragon Capital Corporation Ltd. will not have the right to enforce the referenced security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta this 7th day of June, 2017.

PARAGON CAPITAL CORPORATION LTD.,
by its duly authorized solicitor and agent
Carscallen LLP

Per: _____
Michael J. Whiting

AGREEMENT

DATED this 31st day of August, 2017.

BETWEEN:

PARAGON CAPITAL CORPORATION LTD.
an Alberta corporation having an office in the
City of Calgary, in the Province of Alberta
(hereinafter referred to as the "Lender")

-- and --

STARKE DOMINION LTD.
an Alberta corporation having an office in the
City of Calgary, in the Province of Alberta
(hereinafter referred to as "Starke")

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

Ken Fedaketz

Sworn before me this 12

day of Jan A.D. 2018


A Commissioner for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

WHEREAS:

- A. Pursuant to a Loan Agreement dated January 30, 2015, the Lender agreed to provide Starke with a loan facility in the principal sum of \$25,000,000.00 with an initial fixed rate of interest of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity, subject to the additional terms, covenants and conditions set forth in the Loan Agreement (the "Loan Agreement");
- B. Pursuant to a Promissory Note dated February 19, 2015, Starke agreed to pay to the Lender the principal sum of \$25,000,000.00, together with interest thereon at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity (the "Promissory Note");
- C. Pursuant to the terms of the Promissory Note, Starke also agreed to pay interest in monthly installments of \$118,750.00, payable on the first day of each and every month, in each and every year, from and including the date of the advance to Starke through to and including the first day of March, 2017, when all amounts outstanding under the terms of the Loan Agreement and Promissory Note shall become due and payable;
- D. Pursuant to a Mortgage dated February 19, 2015, which was registered at the Land Titles Office for the South Alberta Land Registration District on March 5, 2015, as Instrument No. 151 065 139 (the "Mortgage"), Starke mortgaged to the Lender all of its estate and interest in certain lands legally described as Plan A1, Block 74, Lots 21 to 34 inclusive, excepting thereout the road widening on Plan 8211695, excepting thereout all mines and minerals (the "Lands"). The Mortgage secures the payment of the principal sum of \$25,000,000.00 advanced by the Lender to Starke, plus interest at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity;



- E. Pursuant to a General Security Agreement dated February 19, 2015, the Lender holds a registered and perfected security interest over all the present and after acquired personal property of Starke (the "GSA");
- F. Pursuant to an Assignment of Rents and Leases dated February 19, 2015, Starke transferred, bargained and assigned all its right, title and interest in any rents or leases to which the Lands are subject to in favour of the Lender (the "Assignment of Rents");
- G. Pursuant to an Extension Agreement dated February 10, 2017, the terms of the Loan Agreement, Promissory Note and Mortgage were extended, such that all indebtedness owed by Starke is to be repaid to the Lender on or before March 1, 2018 (the "Extension Agreement"). Starke agreed to pay a renewal fee of \$375,000.00, which was capitalized and added to the principal sum of \$25,000,000.00, with an interest rate of 5.7% per annum, compounded monthly, not in advance, both before and after maturity;
- H. Pursuant to the Extension Agreement, Starke agreed to pay to the Lender interest only payments in the sum of \$118,750.00 per month. Starke further agreed that at all times it would maintain a minimum DSC of 1.25X utilizing actual NOI and actual mortgage payments. It is a term of the Extension Agreement that all other terms of the Loan Agreement, Promissory Note, Mortgage and other credit facilities shall remain in full force and effect;
- I. The Lender alleges that Starke is in default of its respective obligations to the Lender, the specifics of which are detailed in the Statement of Claim (as described below) filed by the Lender. The Lender issued a written demand letter to Starke on June 8, 2017, which included a Notice of Intention to Enforce Security, Form 86, pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* (Canada);
- J. On June 30, 2017, the Lender commenced Action No. 1701-08853 at the Court of Queen's Bench of Alberta (the "Action") by filing a Statement of Claim to enforce the Loan Agreement, Promissory Note, Mortgage and its other credit facilities (the "Statement of Claim"). Concurrent with the filing of the Statement of Claim, the Lender caused a Certificate of *Lis Pendens* to be registered against the Lands, which was registered on July 18, 2017;
- K. On July 20, 2017, Starke filed a Statement of Defence in response to the Statement of Claim;
- L. Notwithstanding the current alleged events of default, Starke has requested additional time to repay the indebtedness owing to the Lender herein, and the Lender has agreed to provide an extension of time for repayment of the credit facilities on the specific terms and conditions set forth in this Agreement; and
- M. Except as expressly set forth in this Agreement, the terms of the various credit facilities, including the Loan Agreement, Promissory Note, Mortgage, GSA, Assignment of Rents and the Extension Agreement, will continue to govern the relationship between the Lender and Starke.



Therefore in consideration of the mutual covenants and promises contained herein, and in consideration of the Lender agreeing, except as expressly set forth herein, to forbear with respect to the commencement or continuation of enforcement proceedings in connection with the indebtedness and security, the parties agree as follows:

Indebtedness

1. Starke is indebted to the Lender as at August 8, 2017, as follows:

Pursuant to the Loan Agreement, Mortgage, Promissory Note \$25,418,144.26
and Extension Agreement
(per diem interest thereafter \$3,965.07)

together with all interest, legal costs, appraisal fees and other charges and expenses which may accrue to the account of Starke as outlined in the various credit facilities, to the date of payment, including but not limited to any fee as set out in this Agreement (collectively hereinafter referred to as the "Indebtedness").

Acknowledgements

2. Starke hereby acknowledges:

- (a) the recitals hereto are true and accurate and form part hereof;
- (b) Starke's alleged breaches of its covenants, as generally described herein, are not waived by the Lender, and the Lender is granting a forbearance period as provided herein without obligation therefore;
- (c) the Lender has preserved all its rights and remedies under the security;
- (d) it shall, by the execution hereof, become obligated to pay the Lender the fee described in Section 7 below, which fee has been earned by the Lender by virtue of its agreement to forbear from enforcement of its loan and security as provided herein, and as a result of the additional administration of the account as a result of the default of Starke;
- (e) it shall continue to be bound by all covenants and conditions set forth in the referenced credit facilities, except as amended by this Agreement, until such time as the Indebtedness has been paid in full to the Lender; and
- (f) the referenced security is valid, subsisting and enforceable in accordance with its terms, and the security interests reserved to the Lender therein are duly registered, recorded and perfected in such public registries as necessary, and the security shall continue unamended and in full force and effect and shall extend to all debts, liabilities and obligations owed by Starke to the Lender however arising, including, without limitation, the Indebtedness.

12

March 1, 2018

Extension and Forbearance

- 3. Subject to the terms and conditions contained in this Agreement, and in particular the interest payment terms, referenced below, the Lender shall extend the time for payment of the outstanding Indebtedness and forbear from taking any further steps to enforce or realize upon the security until on or after ~~February 9, 2018~~ (the "Payment Date"), at which time the Indebtedness (or such balance thereof as may then remain outstanding) shall automatically become due and payable in full by Starke to the Lender.
- 4. The parties acknowledge and agree that the Lender has exercised the terms of the Assignment of Rents, and that the terms of this Agreement shall not effect or impact the Lender's continued enforcement of the Assignment of Rents.

Interest Payments

- 5. Prior to the Payment Date, referenced above, and the full amount of the Indebtedness becoming due and payable in full by Starke, Starke shall continue to make the regular monthly interest payments to the Lender in the amount of \$118,750.00 per month on first day of each and every month. The interest payments made by Starke to the Lender, as set forth herein, shall be applied firstly to any costs owing by Starke to the Lender, and thereafter to interest, and finally to principal amounts owing to the Lender, as may be determined and applied by the Lender in its sole and absolute discretion.

New and Continuing Contracts

- 6. Starke hereby agrees that it will not enter into any contract, agreement or lease, including any amendments or extensions thereof, that relate to or involve the Lands or the operations conducted thereon that exceeds \$10,000 in value without the express written consent of the Lender, such consent not to be unreasonably withheld.

Fee

- 7. In consideration of the Lender's agreement to extend the Payment Date to ~~February 9, 2018~~ and forbear as set forth herein, Starke shall pay to the Lender a fee of \$1,000.00, which amount shall form part of the Indebtedness owing by Starke to the Lender, as set forth herein (the "Fee"). The Fee shall be added to the principal amount once this Agreement is executed by all parties hereto, and thereafter shall form part of the Indebtedness referenced in paragraph 1, above.

Mortgage Enforcement

- 8. Starke is the registered owner of the Lands. The Lender holds registered mortgage security against the Lands in the amount of \$25,375,000.00, plus interest, fees and costs. As a result of the default by Starke, as more fully set forth herein, the Lender commenced the Action to enforce, among other things, the Mortgage security. Concurrent with the execution of this Agreement, Starke shall also execute a Consent Redemption Order, attached hereto as Schedule "A" to this Agreement. If the Indebtedness is not satisfied by the Payment Date, the Lender shall thereafter be entitled to have the Consent Redemption Order signed and entered with the Court of Queen's Bench of Alberta and thereafter proceed with a Judicial Listing of the Lands charged by the Mortgage security referenced herein, which lands are in the name

March 1, 2018

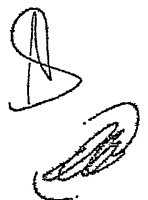
A
[Signature]

of Starke, as referenced above. If the Indebtedness is not satisfied by the Payment Date, the Lands shall be listed for sale at \$32,000,000.00 or such other amount recommended by the listing agent mutually agreed to by the parties for the ninety (90) day Judicial Listing as contemplated in the Consent Redemption Order, attached hereto as Schedule "A".

9. In the event the Lender activates the Judicial Listing as permitted in this Agreement, Starke agrees to cooperate fully with the Judicial Listing. The Lender shall provide Starke with notice of any application to be brought to the Court of Queen's Bench of Alberta to consider any offers received through the course of the Judicial Listing.
10. If an event of default occurs under the terms of this Agreement, as more fully set forth below and herein, and if the event of default is not remedied by Starke upon the Lender providing ten (10) day's written notice of the event of default, the Lender shall thereafter be entitled to proceed with the filing of the Consent Redemption Order referenced herein and the activation of the Judicial Listing thereafter.
11. If the Indebtedness is satisfied prior to the Payment Date, inclusive of interest, fees and costs, then the Lender shall return to Starke the Consent Redemption Order, uncopied and unused, provided that the Consent Redemption Order was not previously filed as a result of a prior event of default. In the event the Indebtedness is paid, inclusive of interest, fees and costs, the Lender shall also file a Discontinuance of Claim in the Action, discharge the Certificate of *Lis Pendens* from title, and discharge the referenced Mortgage security and all other security, and thereafter shall provide Starke with a copy of title confirming the same.

Default

12. Notwithstanding any other provision contained herein, the Indebtedness is and shall be immediately payable by Starke to the Lender, and Starke expressly acknowledges that if:
 - (a) any of the interest payments are not made, or are otherwise returned or stopped by Starke, or any third party;
 - (b) it defaults in paying to the Lender all Indebtedness on or before the Payment Date;
 - (c) it defaults in the observance or performance of any obligation or covenant contained in this Agreement, or Starke otherwise breaches any of the provisions hereof;
 - (d) any property of Starke is seized or taken in execution by or on behalf of any third party, or any funds of Starke are subject to attachment or garnishment proceedings;
 - (e) a receiver, interim receiver, monitor, or trustee in bankruptcy is appointed in respect of Starke, or Starke makes an assignment in bankruptcy, is petitioned into bankruptcy, files a proposal or a notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* the ("BIA"), the *Companies Creditors Arrangement Act* ("CCAA") or such similar legislation;



(l) any charge, lien, or claim existing prior to the date or arising after the date of this Agreement and ranking in priority to the claims of the Lender pursuant to the security shall exist, is made or be allowed to continue to exist, be created or made;

reinsert (g) ~~any Judgment against Starke shall be entered;~~ *in excess of \$50,000.00 reinsert*

~~(h) Starke commits a breach of any term, condition or covenant contained herein or in any other agreement to which the Lender and Starke are parties, including but not limited to the security held by the Lender in respect of the indebtedness;~~

(i) any new event occurs which, in the opinion of the Lender, acting reasonably, materially impairs its security, or the value of the assets secured thereby or against which the Lender holds any security, or there shall be, in the opinion of the Lender, acting reasonably, a material adverse change in the financial circumstances of Starke;

then in any such event (each of which being hereinafter individually referred to as an "Event of Default") the Lender shall be entitled to immediately proceed with the enforcement of any security held by the Lender, and take such legal proceedings as the Lender deems necessary and appropriate to recover the indebtedness and any and all other amounts then owing to the Lender, including but not limited to the filing of the Consent Redemption Order referenced herein and the activation of the Judicial Listing thereafter.

If an Event of Default occurs, as set forth herein, the Lender shall be entitled to proceed with enforcement, as contemplated, without the issuance of a further or any demand letter to Starke, and without the issuance of a further or any Notice of Intention to Enforce Security under the BIA. Starke acknowledges that such demands and notices have already been issued by the Lender as at the date of this Agreement.

Insolvency Proceedings

13. In the event that Starke elects to file proceedings under the BIA or the CCAA or such proceedings are filed in respect of Starke by a third party:

- (a) the terms of this Agreement shall, to the extent permitted by law, remain binding and the Lender shall be unaffected by any stay or other Order in such proceedings;
- (b) the Lender shall in any event be an unaffected creditor in any plan or proposal unless the Lender consents in writing to be treated otherwise;
- (c) Starke hereby irrevocably consent to a variation of any stay or Order in such proceedings that is inconsistent with the foregoing; and
- (d) Starke agrees that it will not make or support any application that would have the effect of creating any charge ranking in priority to the security of the Lender or that would alter or vary the rights of the Lender under the terms of this Agreement.

Additional Covenants

14. Starke agrees that during the term of this Agreement:

- (a) it shall continue to maintain full title and ownership of its properties and assets without diminution of any interest it has therein subject only to permitted encumbrances as defined in the security;
- (b) it shall continue to carry on business in the ordinary course consistent with past practices;
- (c) it shall diligently pursue and report monthly to the Lender on the progress of any sale, transfer or disposition of its property, assets and interests (which shall remain subject to the prior consent and approval of the Lender) with a view to paying the Indebtedness to the Lender on or before the Payment Date and shall, immediately upon receipt by Starke, deliver to the Lender copies of all letters of intent or offers to purchase, or such similar agreements in respect thereof; and
- (d) it shall not, without the prior written consent of the Lender:
 - (i) suffer or permit any sale, transfer or other disposition of its properties and assets, except sales in the ordinary course of their business, or any diminution of any interest it has therein, subject only to permitted encumbrances as defined in the security; or
 - (ii) make directly or indirectly any payment in reduction of debt owing by it to any of its shareholders, or affiliates or associates (as those terms are defined by the *Business Corporations Act* (Alberta)).

Release of Lender

15. In consideration of the Lender agreeing to forbear and extend the repayment of the Indebtedness as set forth in this Agreement, Starke on its behalf and on behalf of its successors and assigns, does hereby remise, release and forever discharge the Lender and its employees, agents, officers, directors, successors and assigns from any and all actions, causes of action, claims, damages, demands, costs and expenses whatsoever at law or in equity which it ever had, now has or which it shall or may have against the Lender or its employees, agents, officers, directors, successors and assigns by reason of any matter, cause or thing whatsoever existing up to the date hereof. The consideration for the within provision is the forbearance of the Lender, as more fully set forth herein.

Lender's Ongoing Obligations

16. All of the obligations of the Lender, express or implied, pursuant to all previous agreements with Starke are waived insofar as such obligations conflict with the terms of this Agreement.

Liability for Costs

17. Starke shall be liable for all legal and other costs (on a solicitor and client, full indemnity basis) incurred by the Lender in connection with the Indebtedness, and the security, including

the costs and expenses incurred in the preparation of this Agreement, which fees and costs shall, to the extent not paid by Starke, be added to and become part of the indebtedness and be secured by the security.

Miscellaneous Provisions

18. Starke represents and warrants to the Lender that the execution, delivery and performance by it of this Agreement has been duly authorized by all necessary parties and does not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound.
19. Except as specifically amended by this Agreement, the agreements between the parties as referenced herein remain unamended and in full force. If there is a conflict between the terms of the referenced agreements and this Agreement, the terms of this Agreement shall be paramount.
20. Any modification or waiver of any provision of this Agreement, or any document or instrument provided hereunder, or any consent to the departure therefrom by the parties hereto shall not be effective in any event unless the same is in writing and signed by the parties hereto, and then such modification, waiver or consent shall be effective only in a specific instance and for the specific purpose given.
21. Starke shall from time to time after the execution and delivery of this Agreement, upon the request of the Lender, execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order to effect fully the purposes of this Agreement.
22. Time is of the essence with respect to this Agreement.
23. This Agreement will enure to the benefit of and be binding upon the parties hereto, their permitted assigns and their successors.
24. This Agreement may be executed in separate counterparts and when a counterpart has been executed by each party, all counterparts, when taken together, shall constitute one agreement and will have the same force and effect as if all of the parties executing such counterparts had executed the same agreement.
25. This Agreement shall be governed by the laws of the Province of Alberta. The parties further agree to irrevocably attorn to the jurisdiction of the Alberta Courts, in the event it becomes necessary to interpret or enforce the terms of this Agreement.
26. If any provision of this agreement is unenforceable, it shall be severed from the Agreement, and the balance of this Agreement shall remain in full force and effect, unmodified by the offending provision.
27. Starke has received independent legal advice regarding the terms of this Agreement or, alternatively, having been fully advised of its right to have and receive independent legal advice, elected to proceed with the execution of this Agreement without the same.



IN WITNESS WHEREOF the undersigned have caused these presents to be executed under the hands of their duly authorized officers as of the date first above written.

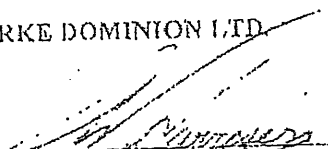
PARAGON CAPITAL CORPORATION
LTD.

Per:


Name: Abby Steinberg
Title: President

STARKE DOMINION LTD.

Per:


Name: David W. Harrison
Title: President



Paragon Capital Corp. Inc.
1200, 1015 4th Street SW
Calgary, Alberta T2R 1J4
T 403 263 6446
F 403 263 6445
E paragon@paragoncorp.ca
W www.paragoncorp.ca

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

Sworn before me this 10 day of Jan A.D. 2018

~~Commissioner for Oaths and for the Province of Alberta~~

MICHAEL J. WHITING
Barrister & Solicitor

October 17, 2017

Registered Mail

Starke Dominion Ltd.
330, 1414 – 8th Street SW
Calgary, Alberta T2R 1J6

Dear Sir/Madam:

Re: Lender: Paragon Capital Corp. Inc.
Borrower: Starke Dominion Ltd.
Loan Agreement: August 21, 2017 Agreement

Hi David, thanks for your call regarding your continued attempts to find a solution for your cash shortfalls. Unfortunately, as you confirmed, you have not been able to secure any money's to pay outstanding bills. As referenced in Ajay's (Group Three Property Management) cash flow, September and October have seen a significant rise in payables. The total now sits at just over \$127,000, with Enmax now being 2 months in arrears.

Per our Agreement Dated August 31, 2017, we agreed to forebear from further legal actions subject to certain terms and conditions being met. Part of this agreement under clause 12 identified specific items that would constitute default.

Consequently, per the default clauses contained in this agreement, we officially note you in default. Since our agreement dated August 31, 2017, the accounts payable have risen by over \$127,000 and ownership has promised numerous times to inject funds but have still not injected anything.

Your inability to pay basic bills including utilities is not sustainable and is a significant adverse change in your financial circumstances constituting the default under the agreement. Further, per the agreement, you now have 10 days to rectify this default. Should you have any questions, please feel free to call.

Yours Truly,

Ken Fedoretz
VP Business Development



CARSCALLEN LLP

November 3, 2017

EMAIL

Douglas Robertson LLP
Suite 330, 1414-8th Street SW
Calgary, Alberta
T2R 1J6

Attention: Ryan C. Robertson

Dear Sir:

**Re: Agreement: Paragon Capital Corporation Ltd. & Starke Dominion Ltd.
Dated August 31, 2017**

Michael J. Whiting

Direct Line: (403) 298-8473
whiting@carscallen.com

File No. 27064.005

THIS IS EXHIBIT " M "
referred to in the Affidavit of
Ken Fedacke

Sworn before me this 12
day of Jan A.D. 20 18

~~A Commissioner for Oaths
in and for the Province of Alberta~~

MICHAEL J. WHITING
Barrister & Solicitor

As you are aware, Carscallen LLP is legal counsel for Paragon Capital Corporation Ltd. ("Paragon").

On August 31, 2017, Paragon and Starke Dominion Ltd. ("Starke") entered into an Agreement to address, *inter alia*, certain funds owed by Starke to Paragon (the "Agreement"). Attached to the Agreement is a Consent Redemption Order - Listing (the "Consent Order") that you consented to on behalf of Starke.

Starke has defaulted under the terms of the Agreement, specifically paragraph 12(i), and written notification of the default was sent to Starke as required by the Agreement. The ten (10) day period provided for in the Agreement has passed, and Starke has failed to remedy the default. Accordingly, Paragon is now in a position to proceed with having the Consent Order signed and filed, and has instructed our office to proceed accordingly.

We note that the Agreement does not require Paragon to provide additional notice of its intention to proceed with the filing of the Consent Order, but as a courtesy to counsel, we are providing this correspondence.

As a side note, based on the pleadings that had been filed to date we understood that Starke was represented by Burnet, Duckworth & Palmer LLP, but we note that you consented to the Consent Order on behalf of Starke. We have not been provided with a Change of Representation, so we would like to clarify who is acting for Starke at this point. If Burnet,

November 3, 2017

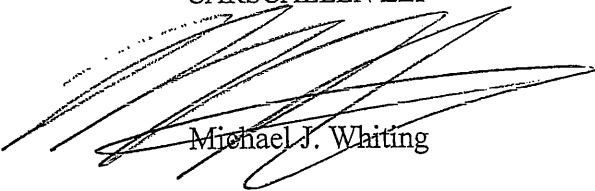
Page 2

Duckworth & Palmer LLP is still counsel on this matter, please advise so that we can forward a copy of this letter to them directly.

Should you have any questions or concerns, please do not hesitate to contact the writer directly as 403-298-8473.

Yours truly,

CARSCALLEN LLP

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and lines, positioned over the printed name.

Michael J. Whiting

MW

Michael Whiting

From: Michael Whiting
Sent: Sunday, November 5, 2017 1:08 PM
To: 'rmartz@bdplaw.com'
Subject: FW: Starke Dominion Ltd.
Attachments: 20171103171522050.pdf

Robert,

As directed by Mr. Robertson below, attached please find a copy of our correspondence addressed to him on Friday.

Regards,
Michael

From: Ryan Robertson [<mailto:RRobertson@douglasrobertson.ca>]
Sent: Friday, November 3, 2017 5:17 PM
To: Michael Whiting
Subject: Re: Starke Dominion Ltd.

Thanks. Better send to BDP too. Attention Rob Martz.

Kind Regards,

Ryan Robertson
Partner

Douglas Robertson LLP
#330, 1414 – 8th Street SW
Calgary, Alberta T2R 1J6

Phone: [\(403\) 407-2620](tel:(403)407-2620)
Fax: [\(403\) 407-2606](tel:(403)407-2606)
douglasrobertson.ca

The information in this e-mail is intended to be confidential and only for review and use by the parties indicated above. The information in this e-mail is protected by solicitor and client privilege and by other legal principles relating to confidentiality. If this message has reached a party other than the intended recipient(s), you are hereby notified that the review, retention, dissemination, use or copying of this e-mail is strictly prohibited. If you receive this e-mail in error, please notify us immediately by e-mail reply. Thank you.

On Nov 3, 2017, at 5:15 PM, Michael Whiting <Whiting@carscallen.com> wrote:

Please see attached

Michael Whiting

Barrister & Solicitor
Carscallen LLP
Centrium Place

900, 332 6 Avenue SW
Calgary, Alberta T2P 0B2
Phone: (403) 298-8473
Fax: (403) 262-2952
Email: Whiting@carscallen.com

Website: www.carscallen.com

<imagef25360.JPG> This message contains information that is confidential and is subject to solicitor/client privilege. If you are not the intended recipient, you are strictly prohibited from disclosing, distributing, or reproducing this message. If you have received this e-mail in error, please notify the sender immediately and delete this message and any copies. Unsubscribe from receiving commercial electronic messages from Carscallen LLP by emailing unsubscribe@carscallen.com. Thank you

<20171103171522050.pdf>

CLERK OF THE COURT
FILED
NOV 30 2017
CALGARY, ALBERTA

SCHEDULE "A"

COURT FILE NUMBER 1701-08833
 COURT Queen's Bench of Alberta
 JUDICIAL CENTRE Calgary
 PLAINTIFF Paragon Capital Corporation Ltd.
 DEFENDANT Starke Dominion Ltd.
 DOCUMENT CONSENT REDEMPTION ORDER - LISTING
 PARTY FILING THIS DOCUMENT Carscallen LLP
 ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Carscallen LLP
 1500, 407 - 2nd Street S.W.
 Calgary, Alberta T2P 2Y3
 Telephone: (403) 262-3775
 Attention: Michael J. Whiting
 File No.:

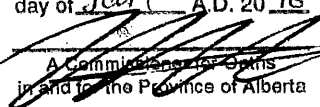
DATE ON WHICH ORDER WAS PRONOUNCED:	NOV 6, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	J. L. MASON

Upon the application of the Plaintiff; and upon reading the Statement of Claim, the Affidavit of Default, the Certified Copy of Title and the Affidavit of Value and Valuator's Report and evidence of service thereof; and upon hearing counsel for the Plaintiff; and upon noting the consent of the Defendant;

- no one appearing for the Defendant; *J.M.*
- hearing from the Defendant;
- hearing from counsel for the Defendant;

IT IS HEREBY ORDERED AND DECLARED THAT:

I. In this Order the mortgaged lands are the following:

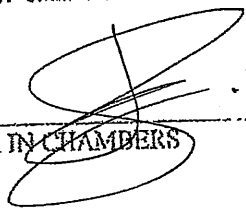
THIS IS EXHIBIT "N"
 referred to in the Affidavit of
Ken Fedorak
 Sworn before me this 12
 day of Jan A.D. 20 18

 A Commissioner for Oaths
 in and for the Province of Alberta

MICHAEL J. WHITING
 Barrister & Solicitor

PLAN A1
BLOCK 74
LOTS 21 to 34 Inclusive
EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695
EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The Mortgage described in the Statement of Claim is a valid and enforceable Mortgage over the mortgaged lands.
3. There is outstanding, due and owing to the Plaintiff under the Mortgage the sum of \$25,418,144.26 as at the 8th day of August, 2017, plus reasonable costs on a solicitor and client full indemnity basis, plus interest thereafter at the mortgage rate, plus other amounts chargeable under the Mortgage (the "Indebtedness"). Prior to the entry of this Order, the Assessment Officer may check the amounts claimed in the Statement of Secured Indebtedness, including the particulars provided in the Affidavit of Default and the Plaintiff's calculations. If the Assessment Officer returns this Order unentered then the Plaintiff may either submit a corrected Order or seek the advice and direction of the Court. The requirement for service of documents prior to entry of this Order, set out in Rule 9.35 (1) (a) is hereby waived.
4. The Defendant and subsequent encumbrancers have one month from service of this Order upon them to apply to vary the amount declared owing pursuant to the preceding paragraph with respect to any amounts not disclosed in the Affidavit of Default served in support of the application for this Order.
5. The Defendant or anyone else entitled to do so shall have until ~~February 9, 2018~~ ^{March 1, 2018} (the "Redemption Date") to repay the Indebtedness, failing which the mortgaged lands shall be offered for sale in the manner described in the Judicial Listing Agreement attached to this Order. Subject to any further Order of the Court, and subject to paragraph 12 of this Order, this action is stayed until the Redemption Date. J.M.
6. If the Defendant, or anyone entitled to do so, repays the Indebtedness prior to the mortgaged lands being sold or foreclosed in these proceedings, then the Plaintiff shall provide to the person who paid the Indebtedness, at the election of such person, either a registrable discharge of the Mortgage, or a registrable transfer of the Mortgage.
7. Provided that the mortgage has not matured, if the Defendant, or anyone entitled to do so, pays all arrears owing under the mortgage, including solicitor and client costs on full indemnity basis, and cures all events of default under the terms of the Mortgage and related security, then this action is stayed so long as payments under the Mortgage remain current.
8. If the Indebtedness has not been repaid by the Redemption Date, then the mortgaged lands shall be listed for sale with Gary B. Beres, or such other licensed real estate agent (the "Realtor") to be mutually agreed upon by the Plaintiff and Defendant in the event Gary B. Beres is unwilling or unable to act as the Realtor, upon the terms and conditions mentioned in the Judicial Listing Agreement, attached to this Order.

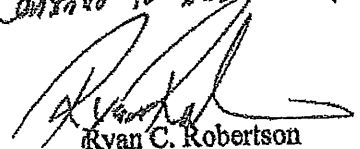
9. The Realtor shall be entitled to post a "FOR SALE" sign of the type customarily posted by a realtor at a conspicuous location on the mortgaged lands, which sign shall remain during the period of the Judicial Listing and shall not be interfered with by any person.
10. During the period of the Judicial Listing ordered herein, the Defendant and any person in possession of the mortgaged lands shall cooperate with the Realtor, and shall allow access to the mortgaged lands to the Realtor, any representative of the Realtor, any other realtor approved by the Realtor, and any prospective purchaser, upon receiving (24) hours written notice given by the Realtor for a viewing between 8:00 A.M. and 8:00 P.M. The written notice may be posted on the front door of the premises located on the mortgaged lands.
11. Any and all other real estate listings relative to the mortgaged lands shall be cancelled during the period of the Judicial Listing ordered herein.
12. If the mortgaged lands become vacant or abandoned during the course of this action then the Plaintiff may enter the mortgaged lands for the purpose of doing any and all things necessary to preserve them, and the Plaintiff shall not be considered a mortgagee in possession or trespasser.
13. The Plaintiff is awarded reasonable costs of this action on a solicitor and own client full indemnity basis, which shall be assessed at a future date without notice unless the Defendant filed a Statement of Defence, or filed a Demand for Notice, or appeared at the application where this Order was granted, in which case, unless the Defendant has approved the amount of costs sought, the Plaintiff shall have such costs assessed on notice pursuant to Rule 10.37.


MASTER IN CHAMBERS

~~Consented to this ___ day of August, 2017.
BURNET, DUCKWORTH & PALMER LLP~~

~~Counsel for the Defendant,
Starke Dominion Ltd.~~

Consented to this 1 day of September, 2017


Ryan C. Robertson
Barrister & Solicitor & A Commissioner
for Oaths in and for Alberta

Counsel for the Defendant,
Starke Dominion Ltd

JUDICIAL LISTING AGREEMENT

TO: The Realtor

1. You are hereby given authority as an officer of the Court to list for sale the mortgaged lands with the Multiple Listing Service, if any, in effect in the area in which the property is located.
2. The mortgaged lands shall be offered for sale subject to registered encumbrances, liens and interests prior to the Plaintiff's mortgage but free and clear of all registered encumbrances, liens and interests subsequent to the Plaintiff's mortgage.
3. The listing price shall be \$32,000,000.00 or such higher value as you may recommend after reviewing the fair market value of the lands as determined by an appraisal and Affidavit of Value to be obtained by the Plaintiff prior to the commencement of the Judicial Listing.
4. The listing shall take effect on the later of the day after the Redemption Date or the date the listing is accepted in writing by the realtor, and shall continue for a period of 90 days thereafter.
5. Within a reasonable time of receiving any offer, you shall forward a true copy of the said offer to counsel for the Plaintiff. If the offer is insufficient to pay out the Plaintiff it may be rejected by the Plaintiff. Otherwise counsel for the Plaintiff shall either apply without notice to reject an offer or apply on notice for the Court to consider that offer. Where the Plaintiff rejects an offer, or obtains an Order without notice rejecting an offer, it shall forthwith serve the Defendant and subsequent encumbrancers with a copy of such offer.
6. If no offers are received during the listing period, you shall so advise counsel for the Plaintiff in writing, immediately following the expiry of the judicial listing.
7. In the event that, as a result of the listing, a Purchaser is introduced whose offer is accepted by the Court, and the transaction is completed by the Purchaser paying the full purchase price and title is registered in the name of the Purchaser or its nominee, then, in such event, you will receive a commission as follows:

3% - or such lesser amount as may agreed by you ... plus applicable taxes thereon
8. You shall have a first charge against the sale proceeds in the amount of any commission payable hereunder. If the Court accepts an offer to purchase and the Purchaser fails to complete the purchase, and the Court does not order relief from forfeiture of the deposit, you will retain, as compensation for services rendered, fifty per cent (50%) of the said deposit (provided such amount does not exceed the commission payable had the sale been fully completed) and you will pay the balance of the deposit to counsel for the Plaintiff to be applied against the indebtedness.

✓ J M
3%
1%

9. If the Defendant, any subsequent encumbrancer, or anyone else entitled to do so, pays all principal, interest and other amounts owing under the mortgage at any time after the Judicial Listing takes effect, or brings the mortgage current after the Judicial Listing takes effect, there shall be paid as part of the costs of redemption, the reasonable expenses incurred by you as the realtor during this Judicial Listing.
10. All offers submitted pursuant to the Judicial Listing shall, subject to further Order of the Court:
- (a) be in writing and shall be signed by the offeror; and
 - (b) be subject to the approval and acceptance by the Court on such terms as the Court considers appropriate; and
 - (c) provide for a possession date to be determined by the Court; and
 - (d) contain and be subject to the terms and conditions as are contained in Schedule "A" which is attached to these directions; and
 - (e) be accompanied by a certified cheque or money order payable to your real estate company for the deposit amount referred to in the offer.
11. Nothing in the listing shall:
- (a) affect the right of the Defendant or anyone else entitled to do so to pay all principal, interest and other amounts owing under the mortgage, or to bring the mortgage current or to privately sell the mortgaged lands;
 - (b) affect the Plaintiff's right to make a proposal to purchase the mortgaged property, if applicable or otherwise acquire the mortgaged property after the expiry of the Judicial Listing without liability for any real estate commission or any other compensation payable to the Realtor hereunder;
 - (c) create or impose any liability on the Plaintiff or the Court for the payment of any real estate commission or other compensation arising out of this listing.
12. The terms of the listing may be modified by the Court on application of any party or subsequent encumbrancer on two day's notice.

ACCEPTED THIS _____ DAY OF _____, 2018

By: _____
An Agent licensed pursuant to the *Real Estate Act*, R. S. A.
2000, c. R-5

APPROVED this _____ day of _____, 2018.

M.C.C.Q.B.A.

SCHEDULE "A" TO THE REAL ESTATE PURCHASE CONTRACT entered into between

THE COURT OF QUEEN'S BENCH OF ALBERTA (the "Seller") and

_____ (the "Buyer")

The terms of this schedule replace, modify or add to the terms of the agreement of purchase and sale (the "Real Estate Purchase Contract") to which this schedule is attached. Where there is any inconsistency between the terms of this Schedule and the Real Estate Purchase Contract, the provisions of this Schedule shall prevail.

AS IS - WHERE IS

1. The Buyer acknowledges and agrees to purchase the mortgaged lands, all buildings and improvements located on the mortgaged lands (the "Property"), and any and all fixtures ("Attached Goods") and chattels ("Unattached Goods") included in the Real Estate Purchase Contract or included in the sale of the property, "as is" and agrees with the Seller that neither the Seller, nor its agents or representatives have made any representations or warranties with respect to the Property or any Attached Goods or Unattached Goods included in the sale of the Property. Without limiting the generality of the foregoing, the Buyer agrees that neither the Seller nor its agents have made any representations or warranties with respect to:
 - a) the condition of any buildings or improvements located on the Property;
 - b) the condition of any Attached Goods or Unattached Goods included in the Real Estate Purchase Contract or otherwise sold with the Property;
 - c) whether the Property complies with any existing land use or zoning bylaws or regulations, or municipal development agreements or plans;
 - d) the location of any buildings and other improvements on the Property and whether such location complies with any applicable municipal bylaws or regulations;
 - e) whether or not any buildings or improvements located on the Property encroach onto any neighbouring lands or any easements or rights of way;
 - f) whether or not any buildings or improvements located on any neighbouring lands encroach onto the Property;
 - g) the size and dimensions of the Property or any building or improvements located thereon;
 - h) whether or not the Property is contaminated with any hazardous substance; and
 - i) whether or not any of the buildings or other improvements located on the Property have been insulated with urea formaldehyde insulation.

OWNERSHIP OF UNATTACHED GOODS

2. The Buyer agrees that the Seller is selling only such interest as it may have in any Attached goods or Unattached Goods referred to in the Real Estate Purchase Contract, or which may be located on the Property, and the Seller does not warrant that it has title to such Attached Goods or Unattached Goods. Further, the Buyer agrees that the Seller will not be liable for the removal of any chattels found on the Property prior to or on the date of closing. On closing,

Buyer's Initial

Date: _____

the Buyer may have possession of the Attached Goods and Unattached Goods which are then on or about the Property on an "as is" basis, and the Seller will not provide a Bill of Sale, Warranty, or other title document to the Buyer. Further, there will be no adjustment or abatement of any kind to the Purchase Price with respect to any Attached Goods or Unattached Goods.

REAL PROPERTY REPORT & COMPLIANCE

3. The Seller is not required to provide the Buyer with a real property report or compliance certificate. Should the Seller provide the Buyer with a copy of a survey or real property report, the Buyer agrees that any use of or reliance upon such document shall be at the Buyer's own risk. The Buyer must satisfy itself that the survey or real property report which the Seller might provide accurately reflects the Property and the buildings and improvements located thereon as they currently exist and the Seller shall not be responsible for any errors or omissions which might exist on such document. The Seller does not represent or warrant the accuracy or validity of the said survey or real property report or compliance certificate.

CONDOMINIUM

4. If the Property is a condominium:
 - a) the Seller is not required to provide any condominium documentation to the Buyer and the Buyer shall be solely responsible to obtain any condominium documentation he may require. Without limiting the generality of the foregoing, the Buyer may obtain on his own and at his sole costs and expenses any estoppel certificate, copy of the condominium bylaws and financial statement for the Condominium Corporation that he may require;
 - b) the Buyer must satisfy himself with the condition of the condominium unit, the common property, and the financial condition of the condominium corporation and agrees that neither the Seller nor its agents, have made any representations or warranties pertaining to same including, without limiting the generality of the foregoing, the adequacy of any reserve fund the condominium corporation might have, any potential special assessments which might be levied by the condominium corporation or the existence of any legal actions pending against the condominium corporation;
 - c) the Seller shall be responsible for amounts payable up to the closing date on account of any condominium fees and special assessments levied by the condominium corporation.

GOODS AND SERVICES TAX (G.S.T.)

5. In addition to the purchase price payable thereunder, the Buyer shall pay to the Seller and indemnify the Seller against all Goods and Services Tax ("G.S.T.") payable on the purchase price as required by the Excise Tax Act. The Seller will not provide to the Buyer a Certificate of Exempt Supply, or any other certificate certifying that this purchase and sale transaction is not subject to the Goods and Services Tax. Should the Seller fail to collect G.S.T. from the Buyer, it shall not be construed by the Buyer as a certification by the Seller that no G.S.T. is payable by the Buyer hereunder, and the Buyer shall remain liable for any G.S.T. which might be payable with respect to this transaction.

ACCEPTANCE BY FACSIMILE

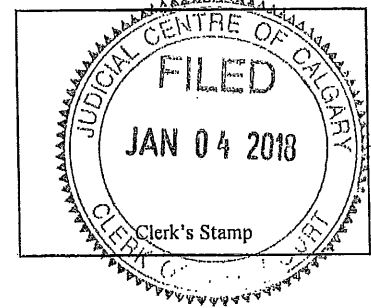
6. The Seller and Buyer agree that this contract may be signed in counterpart, and the acceptance of this offer communicated or confirmed by facsimile transmission shall be binding upon the parties. The Buyer agrees to promptly deliver an executed original Real Estate Purchase Contract to the Seller.

FORECLOSURE PROCEEDING

7. This offer is being made pursuant to or in a Court of Queen's Bench foreclosure proceeding and, as such, the Offer may be accepted only by Order of said Court and is subject to the terms of that Order. Any agreement arising out of the Seller's acceptance of this Offer is conditional upon the approval thereof by the said Court.

Buyer's Initial
Date: _____

I hereby certify this to be a true copy of
the original order
Dated this 04 day of Jan, 2018
for Clerk of the Court



COURT FILE NUMBER 1701-08853
COURT Queen's Bench of Alberta
JUDICIAL CENTRE Calgary
PLAINTIFF Paragon Capital Corporation Ltd.
DEFENDANT Starke Dominion Ltd.
DOCUMENT **ORDER**
PARTY FILING THIS DOCUMENT Paragon Capital Corporation Ltd.
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Carscallen LLP**
900, 332 – 6th Avenue SW
Calgary, Alberta T2P 0B2
Telephone: (403) 262-3775
Attention: Michael J. Whiting
File No.: 27064.005
Box 11

THIS IS EXHIBIT " 0 "
referred to in the Affidavit of
Ken Fedorek
Sworn before me this 12
day of Jan, A.D. 2018
[Signature]
Notary Public for Oaths
in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

DATE ON WHICH ORDER WAS PRONOUNCED:	December 14, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	J.L. Mason


Upon the Application of the Plaintiff; and upon reading the Consent Redemption Order - Listing granted by Master J.L. Mason on November 6, 2017; and upon hearing counsel for the Plaintiff; and upon the consent of the Defendant and the consent of counsel for the subsequent encumbrancer, Multus Investment Corporation;

- no one appearing for the Defendant;
- hearing from the Defendant;
- hearing from counsel for the Defendant;

IT IS HEREBY ORDERED AND DECLARED THAT:

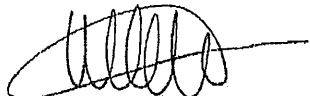
1. The Consent Redemption Order - Listing granted on November 6, 2017 (the "Redemption Order") in this Action shall be amended as follows:
 - (a) The Redemption Date defined in paragraph 5 of the Redemption Order shall be changed from March 1, 2018 to February 1, 2018; and

- (b) The listing price for the Lands set forth in paragraph 3 of the Judicial Listing Agreement attached to the Redemption Order shall be changed from \$32,000,000.00 to \$31,000,000.00.



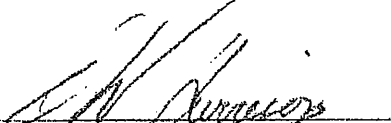
MASTER IN CHAMBERS

Approved as to the form of the Order granted
this 21 day of December, 2017
LLEWELLYN LAW



for Clive Llewellyn, Meenu Anluwala
Counsel for Multus Investment Corporation

Approved as to the form of the Order granted
this 21st day of December, 2017



David Harrison - Principal of Starke Dominion Ltd.

Age Transactions As Of [1/3/2018]
 Cutoff by Year/Period [2018-01]
 Print Transactions In [Detail by Document Date]
 Transaction Types [Invoice, Debit Note, Credit Note, Interest, Prepayment, Payment, Adjustment]
 Include Contact/Phone/Credit Limit [No]
 Include Space For Comments [No]
 Include Zero-Balance Vendors [No]
 Include Vendors/Transactions on Hold [No]
 Show Applied Details [No]
 Show Fully Paid Transactions [No]
 From Year/Period [2018-01]
 Sort Transactions by Transaction Type [No]

THIS IS EXHIBIT "P"
 referred to in the Affidavit of
Ken Fedoretz
 Sworn before me this 12
 day of Jan A.D. 2018

[Signature]
 A Commissioner for Oaths
 in and for the Province of Alberta

MICHAEL J. WHITING
 Barrister & Solicitor

Doc. Date	Doc. Type/Doc. Number	Due Date	App. Type	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total Overdue	Total Payables
Vendor No.: 6/23/2017	ALBEL	6/23/2017		0.00	0.00	0.00	0.00	749.70	749.70	749.70
Vendor Total:								749.70	749.70	749.70
Vendor No.: 6/20/2017	ALLKI	6/20/2017						3,741.69	3,741.69	3,741.69
6/26/2017	IN 64754	6/26/2017						283.72	283.72	283.72
7/14/2017	IN 64773	7/14/2017						633.97	633.97	633.97
7/14/2017	IN 64974	7/14/2017						633.97	633.97	633.97
Vendor Total:				0.00	0.00	0.00	0.00	4,659.38	4,659.38	4,659.38
Vendor No.: 10/1/2017	ATCPO	10/1/2017						100.00	100.00	100.00
11/1/2017	IN 10012017	11/1/2017			200.00			200.00	200.00	200.00
11/1/2017	IN 11012017	11/1/2017						100.00	100.00	100.00
Vendor Total:				0.00	0.00	200.00	200.00	300.00	300.00	300.00
Vendor No.: 6/16/2017	BARST	6/16/2017						5,021.63	5,021.63	5,021.63
6/16/2017	IN COL80-05-17	6/16/2017						5,021.63	5,021.63	5,021.63
Vendor Total:				0.00	0.00	0.00	0.00	5,021.63	5,021.63	5,021.63
Vendor No.: 12/31/2016	CALCA	12/31/2016						2,276.18	2,276.18	2,276.18
3/31/2017	IN 66565	3/31/2017						264.48	264.48	264.48
4/30/2017	IN 67067	4/30/2017						819.47	819.47	819.47
4/30/2017	IN 67219	4/30/2017						819.47	819.47	819.47
Vendor Total:				0.00	0.00	0.00	0.00	2,276.18	2,276.18	2,276.18
Vendor Name:				ALBERTA ELEVATING DEVICES & AMU:						
Vendor Name:				ALL KIND DOOR SERVICES LTD.						
Vendor Name:				ATCO POWER CANADA LTD.						
Vendor Name:				BARCLAY STREET REAL ESTATE						
Vendor Name:				CALL CANADIAN PLUMBING, HEATING						

STARKE DOMINION LTD.

1/3/2018 9:10:08AM
A/P Aged Payables by Due Date (APAPAY11)

Doc. Date	Doc. Type/Doc. Number	Due Date	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total Overdue	Total Payables
App. Date	Applied No.	App. Type		Days	Days	Days	Days		
4/30/2017	IN 67221	4/30/2017				1,578.02		1,578.02	1,578.02
5/19/2017	IN 67248	5/19/2017				1,658.25		1,658.25	1,658.25
10/31/2017	IN 67982	10/31/2017		2,030.94				2,030.94	2,030.94
11/24/2017	IN 68084	11/24/2017		838.31				838.31	838.31
Vendor Total:			0.00	0.00	2,030.94	6,596.40		9,465.65	9,465.65
Vendor No.:	CALCI		Vendor Name: THE CITY OF CALGARY						
8/1/2017	IN BLR-00578888	8/1/2017	0.00	0.00	0.00	239.00		239.00	239.00
Vendor Total:			0.00	0.00	0.00	239.00		239.00	239.00
Vendor No.:	CALMA		Vendor Name: CALGARY MAT & LINEN						
9/20/2017	IN 16579	9/20/2017				195.50		195.50	195.50
10/4/2017	IN 16727	10/4/2017				195.50		195.50	195.50
10/18/2017	IN 16874	10/18/2017		195.50				195.50	195.50
11/1/2017	IN 17044	11/1/2017		195.50				195.50	195.50
11/15/2017	IN 17235	11/15/2017		195.50				195.50	195.50
11/29/2017	IN 17428	11/29/2017		195.50				195.50	195.50
12/13/2017	IN 17648	12/13/2017		195.50				195.50	195.50
12/27/2017	IN 17832	12/27/2017		391.00				391.00	391.00
Vendor Total:			0.00	391.00	391.00	1,564.00		1,564.00	1,564.00
Vendor No.:	CAMDA		Vendor Name: DANILO CAMARAO						
10/31/2017	IN 10312017	10/31/2017				48.75		48.75	48.75
11/30/2017	IN 11302017	11/30/2017		48.75				48.75	48.75
Vendor Total:			0.00	0.00	48.75	48.75	0.00	97.50	97.50
Vendor No.:	CLELA		Vendor Name: CLEANPRO LANDSCAPING LTD.						
11/30/2017	IN 2305	11/30/2017			1,835.40			1,835.40	1,835.40
12/15/2017	IN 2329	12/15/2017		1,835.40				1,835.40	1,835.40
Vendor Total:			0.00	1,835.40	1,835.40	0.00		3,670.80	3,670.80
Vendor No.:	DAFFI		Vendor Name: DAFCO FILTRATION GROUP CORPORA						
11/6/2017	IN 1504148	11/6/2017			985.73			985.73	985.73
11/6/2017	IN 1504149	11/6/2017			374.47			374.47	374.47
Vendor Total:			0.00	0.00	1,360.20	0.00		1,360.20	1,360.20

A/P Aged Payables by Due Date (APAPAY11)

Doc. Date	Doc. Type/Doc. Number	Due Date	Current	1 to 30	31 to 60	61 to 90	Over 90	Total	Total
App. Date	Applied No.	App. Type		Days	Days	Days	Days	Overdue	Payables
Vendor Name: DALROY CONTROLS LTD									
8/1/2017	DALCO	8/1/2017	0.00				336.00	336.00	336.00
10/30/2017	IN 14815	10/30/2017			472.50			472.50	472.50
	IN 15156				472.50		336.00	808.50	808.50
Vendor Total:									
Vendor Name: DD WEST LLP BARRISTERS & SOLICIT									
5/30/2017	DDWES	5/30/2017	0.00				3,297.00	3,297.00	3,297.00
	IN 225						3,297.00	3,297.00	3,297.00
Vendor Total:									
Vendor Name: DIRECT ENERGY REGULATED SERVIC									
11/2/2017	DIREN	11/2/2017	0.00			406.41		406.41	406.41
11/2/2017	IN 11022017-760006604960	11/2/2017			4,393.08			4,393.08	4,393.08
12/4/2017	IN 12042017-760006604960	12/4/2017		816.10				816.10	816.10
12/4/2017	IN 12042017-760006605264	12/4/2017		6,495.13				6,495.13	6,495.13
Vendor Total:								12,110.72	12,110.72
Vendor Name: DOUGLAS ROBERTSON LLP									
9/6/2017	DOURO	9/6/2017	0.00				984.38	984.38	984.38
9/18/2017	IN 349036	9/18/2017					2,493.75	2,493.75	2,493.75
9/18/2017	IN 2929	9/18/2017					604.15	604.15	604.15
9/18/2017	IN 2930	9/18/2017					5,267.35	5,267.35	5,267.35
11/15/2017	IN 3091	11/15/2017			572.50			572.50	572.50
Vendor Total:								9,922.13	9,922.13
Vendor Name: D.W. ROURKE & ASSOCIATES LTD									
12/1/2017	DWROU	12/1/2017	0.00					362.25	362.25
	IN 41842				362.25			362.25	362.25
Vendor Total:									
Vendor Name: ENMAX									
10/16/2017	ENMAX	10/16/2017	0.00			7,042.47		7,042.47	7,042.47
11/15/2017	IN 10162017-50116657	11/15/2017			2,710.34			2,710.34	2,710.34
12/12/2017	IN 11152017-501176657	12/12/2017		1,910.16				1,910.16	1,910.16
Vendor Total:								11,662.97	11,662.97
Vendor Name: ENMAX ENERGY CORPORATION									
9/20/2017	ENMIEEN	9/20/2017	0.00				23,542.74	23,542.74	23,542.74
	IN 09202017-A10155752							23,542.74	23,542.74

STARKE DOMINION LTD.

1/3/2018 9:10:08AM
A/P Aged Payables by Due Date (APAPAY11)

Doc. Date	Doc. Type/Doc. Number	Due Date	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total Overdue	Total Payables
App. Date	Applied No.	App. Type		Days	Days	Days	Days		
10/19/2017	IN 10192017-A10155752	10/19/2017				21,473.98		21,473.98	21,473.98
11/21/2017	IN 11212017-A10155752	11/21/2017			20,608.29			20,608.29	20,608.29
	Vendor Total:		0.00	0.00	20,608.29	21,473.98	23,542.74	65,625.01	65,625.01
	Vendor No.:		Vendor Name: EXCELAIR MECHANICAL SERVICES LTI						
4/3/2017	IN 69442	4/3/2017					1,350.30	1,350.30	1,350.30
7/20/2017	IN 70295	7/20/2017					584.33	584.33	584.33
	Vendor Total:		0.00	0.00	0.00	0.00	1,934.63	1,934.63	1,934.63
	Vendor No.:		Vendor Name: FOX GRAPHICS						
7/13/2017	IN 07132017	7/13/2017					544.61	544.61	544.61
11/15/2017	IN 11637	11/15/2017			244.62			244.62	244.62
	Vendor Total:		0.00	0.00	244.62	0.00	544.61	789.23	789.23
	Vendor No.:		Vendor Name: GASONIC INSTRUMENTS INC						
9/19/2017	IN 37614	9/19/2017					324.45	324.45	324.45
	Vendor Total:		0.00	0.00	0.00	0.00	324.45	324.45	324.45
	Vendor No.:		Vendor Name: JONES LANG LASALLE REAL ESTATE S						
6/17/2014	IN CA00000163275001	6/17/2014					9,877.45	9,877.45	9,877.45
11/5/2014	IN CA00000174954001	11/5/2014					42,316.31	42,316.31	42,316.31
11/14/2014	IN CA00000167819002	11/14/2014					3,320.58	3,320.58	3,320.58
5/6/2015	IN CA00000191252001	5/6/2015					3,094.88	3,094.88	3,094.88
5/6/2015	CR CA00000191252001-	5/6/2015					-3,094.88	-3,094.88	-3,094.88
9/22/2015	IN CA00000199957001	9/22/2015					11,299.84	11,299.84	11,299.84
9/22/2015	IN CA00000199957002	9/22/2015					11,299.84	11,299.84	11,299.84
3/1/2016	IN CA00000229012001	3/1/2016					21,451.50	21,451.50	21,451.50
5/1/2017	IN CA00000277001001	5/1/2017					10,306.36	10,306.36	10,306.36
9/1/2017	CR CA00000303880001	9/1/2017					-3,618.19	-3,618.19	-3,618.19
	Vendor Total:		0.00	0.00	0.00	0.00	106,253.69	106,253.69	106,253.69
	Vendor No.:		Vendor Name: KSIAZEK LAW OFFICE						
6/22/2017	IN 052	6/22/2017					506.18	506.18	506.18
	Vendor Total:		0.00	0.00	0.00	0.00	506.18	506.18	506.18
	Vendor No.:		Vendor Name: MANNAS INTERIOR DESIGN CORPORA						

A/P Aged Payables by Due Date (APAPAY11)

Doc. Date	Doc. Type/Doc. Number	Due Date	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total Overdue	Total Payables
App. Date	Applied No.	App. Type							
4/30/2014	IN 4302014	4/30/2014	0.00	0.00	0.00	1,460.60	1,460.60	1,460.60	1,460.60
Vendor Total:						1,460.60	1,460.60	1,460.60	1,460.60
Vendor No.:	MNPLL								
4/17/2017	IN 7953549	4/17/2017	0.00	0.00	0.00	650.00	650.00	650.00	650.00
Vendor Total:						650.00	650.00	650.00	650.00
Vendor No.:	PALSE								
8/31/2017	IN 561808	8/31/2017				1,570.80	1,570.80	1,570.80	1,570.80
9/30/2017	IN 565543	9/30/2017				1,570.80	1,570.80	1,570.80	1,570.80
10/31/2017	IN 573837	10/31/2017		1,570.80			1,570.80	1,570.80	1,570.80
11/30/2017	IN 579677	11/30/2017			1,570.80		1,570.80	1,570.80	1,570.80
Vendor Total:					1,570.80	3,141.60	6,283.20	6,283.20	6,283.20
Vendor No.:	QCCLC								
10/22/2017	IN 53	10/22/2017			4,903.88		4,903.88	4,903.88	4,903.88
10/22/2017	IN 54	10/22/2017			13,604.87		13,604.87	13,604.87	13,604.87
11/21/2017	IN 55	11/21/2017		4,465.57			4,465.57	4,465.57	4,465.57
11/21/2017	IN 56	11/21/2017			12,600.00		12,600.00	12,600.00	12,600.00
Vendor Total:					17,065.57	18,508.75	35,574.32	35,574.32	35,574.32
Vendor No.:	RECCE								
10/24/2017	IN 10242017	10/24/2017			20,348.24		20,348.24	20,348.24	20,348.24
Vendor Total:					20,348.24	0.00	20,348.24	20,348.24	20,348.24
Vendor No.:	SIMMA								
10/11/2017	IN SV1026601	10/11/2017			717.31		717.31	717.31	717.31
Vendor Total:					717.31	0.00	717.31	717.31	717.31
Vendor No.:	SOLWA								
9/20/2017	IN 39986	9/20/2017				325.50	325.50	325.50	325.50
Vendor Total:					0.00	325.50	325.50	325.50	325.50
Vendor No.:	TELUS								
11/20/2017	IN 11202017-2158113377	11/20/2017			740.18		740.18	740.18	740.18
Vendor Total:					740.18	0.00	740.18	740.18	740.18

STARKE DOMINION LTD.

1/3/2018 9:10:08AM
A/P Aged Payables by Due Date (APAPAY11)

Doc. Date	Doc. Type/Doc. Number	Due Date	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total Overdue	Total Payables
Appl. Date	Applied No.	App. Type							
Vendor Name: THE TEN PENNY COMPANY LTD									
5/12/2017	IN 140135	5/12/2017				84.00	84.00	84.00	84.00
11/3/2017	IN 141509	11/3/2017	0.00	0.00	84.00	84.00	168.00	168.00	168.00
Vendor Total: 168.00									
Vendor Name: WASTE MANAGEMENT OF CANADA CC									
10/11/2017	IN 1000607030	10/11/2017			1,073.42		1,073.42	1,073.42	1,073.42
11/13/2017	IN 1000627254	11/13/2017		992.31			992.31	992.31	992.31
12/12/2017	IN 1000645208	12/12/2017		937.74			937.74	937.74	937.74
Vendor Total: 3,003.47									
Vendor Name: WPS DISASTER MANAGEMENT SOLUT									
9/15/2016	IN 121043	9/15/2016					1,650.60	1,650.60	1,650.60
Vendor Total: 1,650.60									
Report Total: 311,646.04									
			0.00%	3.97%	15.83%	25.27%	54.92%	100.00%	100.00%

MC: Miscellaneous Payment

PI: Prepayment
DI: Applied Debit (b)

IT: Interest Charge
DF: Applied Debit (from)

IN: Invoice
CF: Applied Credit (to)

DB: Debit Note
CF: Applied Credit (from)

CR: Credit Note
AD: Adjustment
ED: Earned Discount Taken

RD: Rounding

GL: Gain or Loss (multicurrency ledgers)

Quick Reference Reconciliation - Starke Dominion Ltd.

Bank Balance at December 28, 2017:	\$	32,970.22
Deposit	\$	15,374.45
EFT	\$	115,790.90
Deposit	\$	6,080.12
DD	\$	15,400.29
Deposit	\$	16,834.88

Total \$ 202,450.86

Monthly mandatory payments - December:

Mortgage	\$	(118,750.00)
Property Taxes	\$	(52,000.00)
Property Tax - parking	\$	(1,756.00)
Management fee	\$	(12,500.00)
Insurance (EFT - 20st of the month)	\$	(2,382.73)
Payroll	\$	(3,200.00)
S/C	\$	(100.00)
Total monthly commitments:	\$	<u>(190,688.73)</u>

Cash available: \$ 11,762.13

O/s chqs:

D.W Rourke	#1108	Oct 27/2017	\$	420.53
Clean Pro	#1130	Jan 12/2018	\$	1,800.70
Otis	#1144	Jan 2/2018	\$	\$5,726.80

Total o/s chqs \$ 7,948.03

Cash available: \$ 3,814.10

\$ 3,814.10

**EFT AND P/D CHQS SHOULD COVER NEXT MONTH'S MANI \$ 180,000.00

Monthly mandatory payments: December		
Mortgage	\$	118,750.00
Property Taxes	\$	52,000.00
Prop Taxes - parking	\$	1,756.00
Management fee	\$	12,000.00
Insurance	\$	2,382.73
Payroll	\$	3,200.00
S/C	\$	100.00
Mortgage reserve	\$	30,000.00
Total monthly mandatory payments:	\$	220,188.73

Post dated cheques:

Paragon Capital Corp #	Feb 1/2018	\$	118,750.00
Paragon Capital Corp #	Mar 1/2018	\$	118,750.00
Paragon Capital Corp #	Apr 1/2018	\$	118,750.00

20st of the month
2 chqs@\$1,592.62