

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Trust Deed and First Supplemental Trust Deed

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Arctic Glacier Inc.	FORMERLY The Arctic Group Inc.	08/17/1999	CORPORATION: CANADA
Arctic Glacier Inc.		03/22/2002	COMPANY: CANADA

**RECEIVING PARTY DATA**

<b>Name:</b>	Computershare Trust Company of Canada (f/k/a Montreal Trust Company)
<b>Street Address:</b>	100 University Avenue
<b>Internal Address:</b>	9th Floor, North Tower
<b>City:</b>	Toronto, Ontario
<b>State/Country:</b>	CANADA
<b>Postal Code:</b>	M5J 2Y1
<b>Entity Type:</b>	CORPORATION: CANADA

**PROPERTY NUMBERS Total: 4**

Property Type	Number	Word Mark
Registration Number:	1647563	NORTH STAR ICE
Registration Number:	2043304	LEISURE TIME
Registration Number:	1183157	LEISURE TIME ICE
Serial Number:	78346073	VIVA FLAM

**CORRESPONDENCE DATA**

Fax Number: (412)355-6501  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 4123556500  
 Email: trademarks@kling.com  
 Correspondent Name: Franklin B. Molin  
 Address Line 1: 535 Smithfield Street  
 Address Line 2: Henry W. Oliver Building  
 Address Line 4: Pittsburgh, PENNSYLVANIA 15222

CH \$115.00 1647563

DOMESTIC REPRESENTATIVE

Name:  
Address Line 1:  
Address Line 2:  
Address Line 3:  
Address Line 4:

NAME OF SUBMITTER:	Jesse E. Busch
Signature:	/Jesse E. Busch/
Date:	03/24/2005

**Total Attachments: 37**

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TRUST DEED dated as of 17 August 1999.

**B E T W E E N:**

**THE ARCTIC GROUP INC.,**  
a corporation incorporated under the laws of Alberta

(the "Corporation")

- and -

**MONTREAL TRUST COMPANY,**  
a trust company incorporated under the laws of Canada

(the "Trustee")

**RECITALS:**

A. The Corporation wishes to raise money for its corporate purposes and/or secure certain of its obligations, and with a view to doing so wishes to create and issue Debentures in the manner provided in this Trust Deed.

B. All necessary resolutions of the directors of the Corporation have been duly enacted, passed and/or confirmed and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder and this Trust Deed and the execution thereof legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation.

**THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:**

**1. FORM AND ISSUE OF DEBENTURES**

**1.1 Limitation of Issue**

The Debentures to be issued under and secured by this Deed are limited to an aggregate principal amount of five hundred million Canadian dollars (Cdn.\$500,000,000) and may be issued in one or more series. The Debentures shall be designated as "Series A Debentures", "Series B Debentures", and so on if two or more series are issued, but the designation of different series of Debentures need not be consecutive so that, for example, Series C Debentures may be issued without Series B Debentures having been issued. Except with respect to the letter A, series of Debentures may also be designated with two or more letters, such as "Series BB Debentures" and "Series CCC Debentures". In addition, further Debentures in any series may be issued from time to time despite the issuance of Debentures in a subsequent series. Debentures of all series shall be designated collectively as "Debentures" and shall be subject to the terms and conditions of this Deed. No Debenture may be issued without the prior written consent of the Holders (as defined below), which consent, in the case of the Subordinated Holders, shall not be unreasonably withheld. For greater certainty, the limit of the aggregate principal amount of Debentures which may be issued hereunder shall not be reduced by the principal amount of Debentures which have been returned to the Trustee for cancellation or discharge in accordance with the terms hereof.

**1.2 Forms, Terms and Place of Payment**

Each Debenture shall be fully registered and substantially in the form set out in Schedule A to this Deed, shall be payable on demand in lawful money of Canada at the address of the holder or holders specified in the Debenture (the "Holders", which shall mean one or more persons holding

one or more Debentures) and the Debentures shall bear interest from the date of each respective debenture at the rate of twenty-five per cent (25%) per annum, or at such other rate as may be agreed upon by the Corporation and the Holders from time to time, payable on demand, both before and after maturity and default, with interest on overdue interest at the same rate. Each Debenture may, but need not, be under the seal of the Corporation, shall be signed by any officer or director of the Corporation and shall be certified by the Trustee and delivered by the Trustee to or to the order of the Corporation upon receipt by the Trustee of an order in writing signed by any officer or director of the Corporation. No Debenture shall be issued, or, if issued, shall be obligatory or entitle the Holder to the benefit hereof, until it has been certified by or on behalf of the Trustee substantially in the form of the certificate set out in Schedule "A" to this Deed, or in some other form approved by the Trustee, and such certification by the Trustee upon any Debenture shall be conclusive evidence as against the Corporation that the Debenture so certified has been duly issued hereunder and is a valid obligation of the Corporation and that the Holder is entitled to the benefit hereof. The certificate of the Trustee shall not be construed as a representation or warranty of the Trustee as to the validity or security of the Trust Deed or the Debentures. Nothing in this Deed or the Debentures shall make the Trustee responsible or liable for the Corporation's obligations to pay the principal of or interest on the Debentures.

### 1.3 Pledge of Debentures

Each Debenture shall be pledged, hypothecated, issued or charged by the Corporation as security for payment by the Corporation of certain or all debts and liabilities, including debts and liabilities in any currency, present or future, direct or indirect, absolute or contingent, matured or not, for a current or running account or not, at any time owing by the Corporation to the Holder thereof or remaining unpaid by the Corporation to the Holder thereof, whether arising from dealings between the Holder thereof and the Corporation or from any other dealings or proceedings by which the Holder thereof may be or become in any manner whatever a creditor of the Corporation, and wherever incurred, and whether incurred by the Corporation alone or with another or others, and whether as principal or surety, including expenses and all interest, commissions, legal and other costs, charges and expenses (the "obligations secured", it being understood and agreed that the term "obligations secured" as used in this Deed shall mean, as the context may require, such obligations of the Corporation owing to a particular Holder or Holders hereunder or the aggregate of such obligations of the Corporation owing to all the Holders hereunder from time to time). To the extent of any inconsistency between the terms and conditions of a Debenture and the terms and conditions of any of the obligations secured, the terms and conditions of the latter shall prevail.

### 1.4 Terms of Issue

The Debentures may be issued to such persons, in such amounts not exceeding the maximum amount set forth in Section 1.1 less the principal amount of Debentures outstanding (which, for greater certainty, shall not include any Debentures previously delivered to the Trustee for cancellation or discharge), for such consideration and on such terms as the directors of the Corporation may determine. Each series of Debentures issued under this Deed shall rank in respect of their entitlement to payment and all voting and other rights relating to the Debentures in priority according to the alphabetical order of their respective series. Accordingly, all Series A Debentures, whenever issued or certified, shall have priority over Series B Debentures, which shall in turn have priority over Series C Debentures and so on. Series of Debentures designated with different numbers of the same letter shall rank in priority according to the number of letters in the designation so that, for example, Series BBB Debentures shall have priority over Series BB Debentures. Debentures within a series shall rank *pari passu* without discrimination, preference or priority of one Debenture of such series over another and the Holders of Debentures of such series shall be secured equally and rateably according to the principal amount and interest from time to time owing with respect to each Debenture of such series (having regard to the obligations secured by such Debenture, rather than the face amount of such Debenture pledged in accordance with Section 1.3 above) regardless of their respective dates of issue or certification of each Debenture of such series. The Holders of the series of Debentures having the highest ranking for the time being are referred to in this Trust Deed as the "Senior Holders".

The priorities contained herein in connection with the obligations secured shall apply in all events and circumstances regardless of:

- (a) the date that any loan, advance, or other accommodation is made to the Corporation or any debt, liability or obligation is incurred by the Corporation; or
- (b) the date of any default by the Corporation; or
- (c) any priority granted by any principle of law or any statute; or
- (d) any other factor of legal relevance other than this Trust Deed.

No power that is exercised by the Holders, or any of them, shall detract from the rights of the other Holders under the terms of the respective obligations secured in the case of Debentures that have been pledged in accordance with Section 1.3.

#### 1.5 Registration and Transfer

The Corporation shall cause to be kept by the Trustee at its office in the City of Toronto, in the Province of Ontario a register in which shall be entered the names and addresses of the Holders and principal amount of each Debenture. No transfer of a Debenture shall be valid unless made on such register by the registered holder or its successors or assigns or its or their attorney duly appointed by an instrument in writing, in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee may prescribe. The ownership of the Debentures shall be proved by such register. The registered Holders shall be considered to be the owners thereof for all purposes of this Deed and shall be entitled to the principal monies and interest evidenced by the Debentures without regard to any set-off, counterclaim, equities or compensation between the Corporation and the Holders' transferors or any previous holders thereof.

#### 1.6 Cancellation, Retirement Etc. of Debentures

Any Holder may deliver to the Trustee from time to time one or more of the Debentures issued pursuant to this Deed and held by it for cancellation or retirement (subject to the principal amount outstanding thereon and any interest, charges and expenses related thereto having been repaid in full to the Holder) or replacement, consolidation or subdivision, or to evidence a reduction of the principal amount outstanding from time to time. Subject to the limitation set forth in Section 1.1, upon receipt of such Debentures and a resolution of the Holder delivering such Debentures evidencing its intentions with respect to such cancellation, retirement, replacement, reduction, subdivision or consolidation, the Trustee shall forthwith notify the Corporation and the Corporation upon receipt of such Debentures shall forthwith issue in accordance with the terms and conditions of this Deed such additional, replacement, subdivided or consolidated Debentures as may be requested by the Holders in the aforesaid resolution, or the Trustee may endorse any Debenture with a notation of the reduction of the amount thereof. Upon issuance of such additional, replacement, subdivided or consolidated Debentures, or endorsement of reduction of any existing Debenture, as appropriate, the Corporation shall cause to be made such entries in the register provided for in Section 1.5 and the Trustee shall certify such Debentures, subject to receipt of such documentation as the Trustee may require, acting reasonably.

#### 1.7 Replacement of Debentures

In case any of the Debentures shall be mutilated or defaced or be lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue a new Debenture pursuant to this Deed and thereupon the Trustee shall certify and deliver such new Debenture of like date, tenor and series as the one mutilated, defaced, lost, destroyed or stolen in exchange therefor and upon cancellation of such mutilated or defaced Debenture and in lieu of and in substitution for such lost, destroyed or stolen Debenture, and the new Debenture shall be entitled to the security hereof and rank equally in accordance with its terms with all other Debentures of the same series issued hereunder.

The applicant for the issue of a new Debenture pursuant to this Section 1.7 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and to the Trustee such evidence of ownership and of the loss, destruction or theft of the Debenture so lost, destroyed or stolen as shall be satisfactory to the Corporation and the Trustee in their discretion and such applicant may also be required to furnish an indemnity in amount and form satisfactory to the Corporation and the Trustee in their discretion, and shall pay the reasonable charges of the Corporation and the Trustee in connection therewith.

## 2. CHARGING PROVISIONS

### 2.1 Fixed and Floating Charges and Security Interest

In consideration of the premises and of one dollar (\$1) to the Corporation now paid by the Trustee (receipt whereof is hereby acknowledged) and for the purpose of securing the due payment in lawful money of Canada of the Debentures in the principal amount of five hundred million dollars (\$500,000,000) and of interest thereon from the formal date hereof at the rate of twenty-five per cent (25%) per annum, calculated monthly and payable on demand, both before and after maturity and default, with interest on overdue interest at the same rate, and the payment of any additional amounts from time to time due hereunder to the Trustee, including but not limited to an additional amount equal to twenty-five per cent (25%) of the principal amount for costs of realization and other accessories, the Corporation hereby:

- (a) grants, assigns, mortgages and charges as and by way of a fixed and specific mortgage and charge to and in favour of the Trustee, and grants to the Trustee a security interest in, all of its present and after-acquired real and personal property, including but not limited to:
  - (i) all freehold real and immovable property now or hereafter owned or acquired by the Corporation including but not limited to the lands and premises described in Schedule B hereto, together with all buildings, erections and fixtures now or hereafter constructed or placed thereon,
  - (ii) all leasehold property now or hereafter leased by the Corporation including but not limited to the leasehold property described in Schedule C hereto, together with all buildings, erections and fixtures now or hereafter constructed or placed thereon,
  - (iii) all inventory, goods, furniture, equipment, machinery, vehicles, aircraft and other tangible personal property now or hereafter owned by or acquired by the Corporation and all replacements, attachments and accessories thereto from time to time,
  - (iv) all intangible property now or hereafter owned or acquired by the Corporation, including, but not limited to, all contract rights, chattel paper, warehouse receipts, bills of lading, documents of title, insurance policies, instruments, securities, accounts, 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 Corporation; and
- (b) charges as and by way of a floating charge to and in favour of the Trustee for the benefit of the Holders, and grants to the Trustee for the benefit of the Holders a security interest in all of the present and after-acquired property, undertaking and assets of the Corporation for the time being, both real and personal, movable and immovable of whatsoever nature and kind now owned or hereafter acquired (except such property and assets as are validly and effectively subject to any fixed and specific mortgages and charges created hereby), including its goodwill and uncalled capital.

Without the necessity of any further act of the Corporation or the Trustee, the mortgages, charges and security interests constituted hereby shall automatically extend to and include:

- (c) any and all renewals, replacements, substitutions, accessions, proceeds, products, additions, amendments, modifications, extensions or consolidations of or to the assets and property heretofore described;
- (d) any and all right, title and interest of the Corporation hereafter acquired in or to any real or personal property or asset of any nature whatsoever; and
- (e) any and all of the Corporation's right, title, interest, property, claims, demands, judgments, awards, proceeds and settlements or payments, including interest thereon, and the right to receive the same, at law as well as in equity or otherwise, as a result of or by way of: (i) insurance proceeds payable under all insurance policies of the Corporation or (ii) any injury or damage to or any taking, expropriation, requisitioning, conversion (voluntary or involuntary) or decrease in the value of any property or asset of the Corporation of any nature whatsoever.

The Corporation's undertaking and all its property and assets, present and future, are herein called the "mortgaged property".

## **2.2 Reservation of Last Day of Leasehold Terms**

The charge of the mortgaged property contained in Section 2.1 shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Corporation, but should such charge become enforceable the Corporation shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person acquiring such term or the part thereof charged in the course of any enforcement of the charge or any realization of the subject matter thereof.

## **2.3 Contracts, Rights or Licences**

The charge of the mortgaged property contained in Section 2.1 shall not extend or apply to any contract, right or licence of the Corporation, if pursuant to the terms of such contract, right or licence such contract, right or licence would automatically terminate if it was part of the mortgaged property, or would be terminable at the option of the other party to or of the grantor thereof, but should such charge become enforceable, the Corporation shall thereafter stand possessed of such contract, right or licence and shall hold it in trust to assign the same or dispose of the same to any person as requested by the Trustee. In order that the full value of all such contracts, rights and licences may be realized for the benefit of the Holders, the Corporation shall at its expense and at the request of the Trustee from time to time, take all such action and do or cause to be done all such things as shall, in the reasonable opinion of the Trustee (with advice of counsel as the Trustee considers appropriate), be necessary or proper in order that all such contracts, rights and licences shall enure to the benefit of the Holders and, to the extent reasonably possible, become subject to the charge constituted by this Deed.

## **2.4 Charge Valid Irrespective of Advance**

The security constituted hereby or intended so to be shall be effective whether the monies hereby secured or any part thereof shall be advanced before or after or at the same time as the execution and delivery of this Deed or the issue or certification of any of the Debentures.

## **2.5 Attachment**

The Corporation acknowledges that value has been given to the Corporation by the Holders in connection with the Corporation's execution and delivery of this Deed. The Corporation and the Holders have not agreed to postpone the time for attachment of the security constituted hereby which is intended to attach, as to all of the mortgaged property in which the Corporation has an interest at the time of the execution of this Deed, at such time, and as to all of the mortgaged property in which the Corporation acquires an interest after the execution of this Deed, at the time the Corporation acquires such interest.

## 2.6 Effect of Charges

The security created hereby will entitle the Trustee to have and to hold the mortgaged property and all rights hereby conferred unto the Trustee, its successors and assigns, forever, but in trust, nevertheless, and with the powers and authorities and subject to the terms and conditions mentioned and set forth herein.

## 2.7 Possession until Default

Until the security hereby constituted becomes enforceable and the Trustee determines to enforce the same, the Corporation is permitted in the same manner and to the same extent and with the same effect as if this Deed had not been executed, but subject to the express terms hereof and any other agreement between the Corporation and a Holder which relates to any obligations secured, to possess, operate, manage, use and enjoy the mortgaged property (other than any cash or investments on deposit with the Trustee) and freely to control the conduct of its business and to collect, take, retain and use the rents, incomes, profits and issues thereof.

## 2.8 Further Assurances

The Corporation hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, mortgages, transfers, assignments and assurances as the Trustee or the Holders may reasonably require for the better accomplishing and effectuating the purpose of this Deed, including the execution and delivery of indentures supplemental hereto more particularly describing the mortgaged property or to correct or amplify the description of the mortgaged property or to better assure, convey and confirm unto the Trustee any of the mortgaged property. Upon the execution of any supplemental indenture under this Section, this Deed shall be modified in accordance therewith, and each such supplemental indenture shall form part of this Deed for all purposes. Notwithstanding anything herein contained, the Trustee will not be bound to take any conveyance, assignment or transfer pursuant hereto of any property or assets that, in the opinion of counsel to the Trustee, is of an onerous character, but the Corporation shall hold any such property or assets in trust for the Trustee.

## 2.9 Liability of Trustee

Neither the Trustee nor any receiver shall (i) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries or for non-fulfilment of contracts during any period when the Trustee or any receiver shall manage or be in possession of the mortgaged property; (ii) be liable to account as mortgagee in possession or to account for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Corporation of any obligations or covenants imposed upon the Corporation; or (iv) in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other persons. The Corporation hereby waives any provision of applicable law permitted to be waived by it which imposes higher or greater obligations upon the Trustee or any receiver than aforesaid.

## 2.10 Applicable Laws Exception

All rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of applicable law and all the provisions of this Deed are intended to be subject to all mandatory provisions of applicable law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Deed invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of applicable law. If any mandatory provision of applicable law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the security or any part thereof, then, to that extent, such laws



shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the security required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of applicable law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Deed.

### 2.11 Waivers of Applicable Laws

- (a) To the extent not prohibited by applicable law, the Corporation hereby waives its rights, if any, under all provisions of applicable law that would in any manner, limit, restrict or otherwise affect the Trustee's rights and remedies hereunder or impose any additional obligations on the Trustee. The Corporation waives the right to receive any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Deed.
- (b) To the full extent that it may lawfully do so, the Corporation hereby:
  - (i) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, the marshalling of assets or any other matter whatever, to defeat, reduce or affect the rights of the Trustee under the terms of this Deed to a sale of the mortgaged property or any part thereof or for the collection of all amounts secured by this Deed; and
  - (ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the mortgaged property or any part thereof after the sale hereunder to any person whether such sale is by the Trustee, any receiver or otherwise, notwithstanding, that the Trustee may have purchased same.

## 3. COVENANTS

The Corporation hereby covenants and agrees with the Trustee for the benefit of each Holder:

### 3.1 Principal and Interest

That it will pay or cause to be paid, when due, the principal, interest and all other amounts secured by the Debentures.

### 3.2 Not to Encumber

That it will not, without the prior written approval of the Trustee or the Holders (which may be evidenced from time to time by a resolution of the Holders or, for any particular Holder, by the terms of any agreement to which the Holder and the Corporation are parties that relates to the terms of obligations secured by a pledge of the Debenture in favour of that Holder), create or permit to exist any mortgage, hypothec, charge, lien, encumbrance or other security interest or lease upon or affecting the mortgaged property or any part thereof.

### 3.3 Comply with Environmental Law

That it will operate its business and all of the mortgaged property in compliance with all applicable laws intended to protect the environment ("Environmental Laws").

### 3.4 Reporting Requirements

That it will immediately notify the Trustee after becoming aware of any release or upon the discovery of any contaminant at, upon, under, over, within or with respect to the mortgaged property which will give rise to a material report, inquiry or investigation relating to the requirements of any applicable Environmental Law and will promptly forward to the Trustee copies of all orders, notices, permits, applications or other communications and reports received from any governmental authority in connection with any applicable Environmental Law affecting or relating to the mortgaged property or the operations or activities of the Corporation or any of its subsidiaries.

### 3.5 Preserve and Protect the Mortgaged Property

That it will diligently maintain, use and operate the mortgaged property and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the mortgaged property and the earnings, incomes, rents, issues and profits thereof.

### 3.6 Governmental Requirements

That it will duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged property and all covenants, terms and conditions upon or under which the mortgaged property is held.

The Corporation represents and warrants to the Trustee (such representations being also for the benefit of each Holder):

### 3.7 Absence of Hazardous Materials

That to its knowledge (i) there are no Hazardous Materials located on, above or below the surface of any land which it occupies or controls, except those being stored in compliance with applicable laws, or contained in the soil or water constituting such land, except in compliance with applicable laws, (ii) no release, spill, leak, emission, discharge, leaching, dumping or disposal of Hazardous Materials has occurred on or from such land which, in any such case, could materially and adversely affect its financial condition, the mortgaged property or its operations or its ability to perform its obligations under the Deed, and (iii) no land that it occupies or controls has been used as a landfill or waste disposal site.

### 3.8 Compliance with Environmental Law

That the Corporation's business and the mortgaged property are operated in substantial compliance with applicable Environmental Laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of Hazardous Materials), to the best of its knowledge after reasonable inquiry there are no breaches thereof, and no enforcement actions in respect thereof are threatened or pending which, in any such case, could materially and adversely affect the mortgaged property or its ability to perform its obligations under this Deed.

That the Corporation shall include in any lease of any part of the mortgaged property to a third party conditions, warranties and representations substantially in the form of the conditions, warranties and representations concerning Hazardous Materials and Environmental Laws contained in this Deed.

For the purposes of this Deed, "Hazardous Materials" means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance or material, as defined in or regulated by any applicable law, regulation or governmental authority from time to time, including, without limitation, asbestos and polychlorinated biphenyls.

### 3.9 Expenses, Remuneration and Indemnity

The Corporation shall pay to the Trustee upon demand both before and after default the amount of all reasonable costs, charges, borrowings, expenses and fees of the Trustee incurred in

connection with the administration of this Deed including expenses arising in connection with Section 8.1, the repossession, holding, repairing, processing, preparing for disposition and disposing of any of the mortgaged property (including reasonable legal expenses on a solicitor and his own client basis and other expenses including expenses arising in connection with Section 8.1), together with interest from the date of demand at a rate per annum equal to the then-current rate charged by the Trustee from time to time. All amounts owing to the Trustee under or in connection with this Deed shall be secured by the mortgages and charges created in this Deed and be payable in priority to amounts secured by the Debentures.

Without limiting the foregoing, the Corporation covenants that it will pay to the Trustee reasonable remuneration for its services hereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), including, without limitation, all costs incurred by the Trustee in complying with any laws applicable to trustees as a result of its acting hereunder both before any default hereunder and thereafter until all the duties of the Trustee under the trusts hereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or wilful default. Any amount due under this Section shall bear interest from the date of demand for payment at a rate per annum equal to the rate referred to in the preceding paragraph, payable on demand. After default, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Trustee or its successors in the trusts hereunder in priority to any payment of the principal of or interest or premium on the Debentures.

The Corporation hereby indemnifies the Trustee, its directors, officers, employees, and agents, and any successors and assigns against any loss, expense, claim, liability or asserted liability (including strict liability) incurred as a result of the administration of the trust created hereby, the exercise by the Trustee of any rights hereunder, the performance of any remediation by the Trustee or its agent for bodily injury, property damage, abatement, or remediation, environmental damage or impairment or any other injury or damage or any diminution in value of the mortgaged property resulting from or relating, directly or indirectly, to: (i) the presence or release of any contaminants, by any means or for any reason, on the mortgaged property, whether or not release or presence of the contaminants was under the control, care or management of the Corporation, or of a previous owner, or of a tenant, or (ii) any contaminant present on or released from any contiguous property to the mortgaged property, or (iii) the breach or alleged breach of any Environmental Laws by the Corporation, save and except that the Trustee shall only be responsible for its own negligence and wilful misconduct.

The Corporation shall at all times indemnify the Trustee, its directors, officers, employees, and agents, and any successors and assigns and save them harmless against all actions, proceedings, liability, claims, damages, reasonable costs and expenses, including legal costs whatsoever arising from the performance of its duties hereunder (unless arising from negligence, bad faith or wilful misconduct on their part) and including any action or liability brought against or incurred by any of them in relation to or arising out of any breach by the Corporation of its obligations under this Deed or by the failure of the Trustee or its agents to do such acts as may be necessary to register, perfect, release or discharge the security created hereby as the same may be registered, filed or recorded in any public office.

The agreements in this Section shall survive the termination of this Deed and the repayment of the obligations secured.

### 3.10 Registrations and Deliveries

The Corporation agrees that:

- (a) forthwith after the execution of this Deed and after the execution of each instrument supplemental or ancillary hereto, it shall register, file or record the same and/or, if applicable, a financing statement or other prescribed statement in respect thereof as

may from time to time be required by the Trustee, the Senior Holders or any other Holder where such registration, filing or recording may be necessary or desirable or of advantage in preserving or protecting the security constituted by this Deed in favour of the Trustee, the Senior Holder or such other Holder;

- (b) from time to time, it shall renew such registration, filing or recording as required to maintain the security constituted hereby as valid and effective security;
- (c) promptly after such registration, filing, recording or renewal, the Corporation shall cause to be delivered to the Trustee certificates establishing such registration, filing, recording or renewal and opinion of counsel satisfactory to the Trustee, acting reasonably, evidencing that the provisions of this Section 3.10 have been complied with in respect of this Deed or such supplemental or ancillary instrument, as the case may be;
- (d) forthwith after the execution of this Deed and after the execution of each instrument supplemental or ancillary hereto, it shall deliver to the Trustee such other documents as may be reasonably required by the Trustee to be delivered to preserve, protect and perfect the security constituted hereby and represented by such documents of title, security certificates and other documents; and
- (e) in the event that the security constituted hereby becomes enforceable as herein provided and the Trustee shall become bound to enforce the same, the Corporation will from time to time execute all such assurances and do all such things as the Trustee may reasonably require for facilitating the realization of the mortgaged property of the Corporation and for exercising all of the powers, authorities and discretion conferred on the Trustee and for confirming to any purchaser of such mortgaged property or any part thereof, whether sold by the Trustee herein or by judicial proceedings, the title to the property so sold, and it will give all notices and directions which the Trustee may consider necessary or expedient.

The Corporation shall not change its name or amalgamate with another corporation under a different name without giving at least 10 days' prior notice to the Trustee of the new name and the date upon which such change of name or amalgamation is to take effect. Within 5 business days of the change of name or amalgamation, the Corporation shall provide the Trustee with a true copy of the articles of amendment or articles of amalgamation effecting the change of name and a certificate confirming the correct name of the Corporation and that all appropriate registrations, filings or recordings have been made on behalf of the Trustee to fully and effectively maintain the perfection and priority of the security created hereby.

In the event of the amalgamation of the Corporation, this Deed, the Debentures and all other security delivered by the Corporation in connection with this Deed shall be binding on the amalgamated corporation and charge its present and future undertaking, property and assets to secure present and future debts, liabilities and obligations of the Corporation and of the amalgamated corporation to the Trustee and the Holders, all as if the amalgamated corporation had originally executed and delivered those documents.

### **3.11 Proceeds of Unauthorized Sale in Trust**

The Corporation shall, in the event the mortgaged property or any part thereof is sold or disposed of prior to the full discharge of this Deed by the Trustee, in any manner not authorized by this Deed, hold all proceeds of such sale or disposition received by the Corporation as trustee for the Trustee until the Corporation has been fully released from this Deed by the Trustee.

### **3.12 Removal of Mortgaged Property**

Prior to the removal of any of the mortgaged property from the province in which it is situated at the date of this Deed or to leasehold property, the Corporation shall effect such further

registrations and obtain such other consents and give such other security, at the sole cost and expense of the Corporation, as may be required or desirable to protect or preserve the security hereby created, and the Corporation shall forthwith notify the Trustee of the intended removal and the action proposed to be taken.

### 3.13 Performance of Covenants by Trustee

If the Corporation shall fail to perform any covenant on its part herein contained, the Trustee may in its absolute discretion perform any such covenant capable of being performed by it, but the Trustee shall be under no obligation to do so. If any such covenant requires the payment of money or if the mortgaged property or any part thereof shall become subject to any charge ranking in priority to the security hereof, the Trustee may in its absolute discretion make such payment and/or pay or discharge such charge, but shall be under no obligation to do so. All sums so paid by the Trustee shall be payable by the Corporation on demand together with interest from the date of demand at the rate referred to in Section 3.9 and shall constitute a charge upon the mortgaged property. No such performance or payment shall relieve the Corporation from any default hereunder or any consequences of such default.

### 3.14 Appointment of Monitor

If in the opinion of the Senior Holders, acting reasonably, a material adverse change has occurred in the financial condition of the Corporation, or if the Senior Holders in good faith believe that the ability of the Corporation to pay any of its obligations or to perform any other covenant contained herein has become impaired or if a default has occurred, the Trustee shall, upon written direction by the Senior Holders, by written notice to the Corporation, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Corporation or its business and affairs for the purpose of reporting to the Trustee. The Corporation shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Corporation and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Corporation nor shall it participate in the management of the Corporation's affairs and shall incur no liability in respect thereof or otherwise in connection with the Corporation, its business and affairs or the mortgaged property. The Monitor shall act solely on behalf of the Trustee and shall have no contractual relationship with the Corporation as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Deed. All reasonable fees and expenses of the Monitor (including legal fees and disbursements on a solicitor and own client basis) shall be paid by the Corporation upon submission to it of a written invoice therefor. The Trustee may at its option upon the security hereby constituted becoming enforceable appoint or seek to have appointed the Monitor as receiver, liquidator, or trustee in bankruptcy of the Corporation or the mortgaged property or any part thereof.

### 3.15 Insurance

That it will cause all its property which is of a character usually insured by businesses operating properties of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature and to the extent that such properties are usually insured by businesses operating properties of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Trustee and shall deliver to the Trustee evidence of such insurance satisfactory to the Trustee. Proceeds of insurance shall be dealt with by the Trustee in accordance with resolutions of the Senior Holders, or in the absence of such resolutions, in accordance with Section 5.4.

### 3.16 Taxes and Other Charges

That it shall pay all rents, taxes, rates, levies, assessments and government fees or dues levied, assessed or imposed in respect of the mortgaged property or any part thereof (collectively "Taxes") as and when the same shall become due and payable and shall pay all charges, liens and other encumbrances on the mortgaged property (collectively "Charges") as and when the same shall become due and payable. If the Corporation does not pay any Taxes or Charges as and when the

same shall become due and payable, the Trustee may, at its option, elect to pay any such amounts and charge to the Corporation all amounts so paid as additional amounts secured under this Deed, together with interest thereon from the date of payment by the Trustee of any such amounts at a rate per annum equal to the then-current rate charged by the Trustee from time to time.

### 3.17 Information

That it will furnish to the Trustee such information (including an annual certificate of compliance) with respect to the mortgaged property and the insurance thereon as the Trustee may from time to time require, and shall give written notice to the Trustee of all litigation before any court, administrative board or other tribunal affecting the Corporation or its property. An annual certificate of compliance means a certificate signed by the president or a vice-president of the Corporation, confirming compliance with the covenants set forth in this Article 3 and specifically that (i) no default as described in Section 4.1 of this Deed has occurred and is continuing and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would constitute such a default, and (ii) all the covenants of the Corporation contained in this Article 3 and all of the conditions contained in this Deed to be complied with by the Corporation have been fully complied with to the date thereof.

## 4. DEFAULT

### 4.1 Security Becoming Enforceable

The security hereby constituted shall immediately become enforceable and the floating charge created pursuant to Section 2.1(b) hereof shall become a fixed and specific mortgage, charge, pledge, assignment, security interest and hypothec on the property charged thereby if:

- (a) payment of part or all of the obligations secured by a pledge of a Senior Debenture is demanded in accordance with any agreement to which the Corporation is a party relating to such obligations secured, and payment is not made on demand;
- (b) the Corporation makes default of any other covenant or condition of this Deed for the benefit of the Senior Holders or the Trustee and default continues for a period of 30 days after the Trustee sends notice to the Corporation to correct the default; or
- (c) payment of the principal amount and interest accrued on all Debentures has been demanded by the Trustee pursuant to Section 5.1(b) if any Holder of Debentures other than a Senior Holder (a "Subordinated Holder", where Debentures held by the Subordinated Holders are the "Subordinated Debentures") has proceeded in accordance with Section 5.1(b) of this Deed.

### 4.2 Waiver

The Trustee (on the direction of the Senior Holders) or the Senior Holders may by notice to the Corporation waive any default of the Corporation on such terms and conditions as the Senior Holders may determine, but no such waiver shall be taken to affect any subsequent default or the rights of the Senior Holders arising therefrom nor shall it detract from the rights of any Subordinate Holder under the terms of any agreement relating to its obligations secured with respect to such default. No waiver of any default by a Subordinate Holder shall in any way affect the rights of the Senior Holders with respect to such default.

## 5. REMEDIES IN CASE OF DEFAULT

### 5.1 Demand Payment

- (a) If the security hereby constituted becomes enforceable as provided in Sections 4.1(a) or (b), the Trustee upon being so directed by resolution of the Senior Holders shall demand payment of the

principal amount of and interest accrued on all Debentures and the same shall forthwith become immediately due and payable to the Trustee.

(b) If (i) payment of part or all of the obligations, which for greater certainty shall include, without limitation, any principal amount together with accrued interest, that is secured by a pledge of a Subordinated Debenture (the "Defaulted Debenture") is demanded in accordance with any agreement to which the Subordinated Holder or Holders of the Defaulted Debenture (the "Demanding Holder") and the Corporation are parties relating to such obligations secured, and payment is not made on demand, (ii) the Demanding Holder (or any agent duly authorized to do so on behalf of such Holder) gives written notice of the demand for payment of such obligations secured to the Trustee (who shall immediately forward such notice to all of the other Holders), (iii) the Demanding Holder (or any agent duly authorized to so act on behalf of such Holder) provides to the Trustee (x) a certificate by the Demanding Holder certifying that the Demanding Holder is entitled under the terms of an agreement to which the Demanding Holder (or such agent) and all Senior Holders (or an agent on their behalf) are party (the "Intercreditor Agreement"), to require that payment of the Debentures be demanded and the security hereby constituted be enforced notwithstanding the priority of the Senior Holders, and (y) a resolution of the Demanding Holder directing that the Trustee demand payment of the principal amount of and interest on all Debentures, (which certificate and resolution shall immediately be forwarded by the Trustee to all of the other Holders), and (iv) at least 5 business days have passed after the Demanding Holder (or any agent duly authorized to so act on behalf of such Holder) has given to the Trustee the certificate and resolution referred to in (iii) above and the Trustee has forwarded copies thereof to all of the other Holders, then the Trustee, upon being so directed by the Demanding Holder (or any agent duly authorized to so act on behalf of such Holder) shall demand payment of the principal amount of and interest accrued on all Debentures and the same shall forthwith become immediately due and payable to the Trustee.

(c) In the event that the Senior Holders have duly exercised their rights under Section 5.1(a) hereof (whether or not a Subordinated Holder has duly exercised its rights under Section 5.1(b) hereof), it is agreed that:

- (i) the Trustee shall have regard to the instructions and directions of the Senior Holder only in exercising rights and remedies under this Deed and shall have no duty or obligation hereunder to act in accordance with the instructions or directions of any other Holder; and
- (ii) in giving the Trustee instructions and directions in pursuance of its rights under paragraph (i) above, the Senior Holders shall act in good faith, and not with the sole purpose of defeating, delaying, hindering or otherwise impeding the repayment of the Subordinated Holders, but nothing in this Deed shall impose on the Senior Holders any greater duty to the Subordinated Holders or the Corporation than is owed by a senior creditor to a junior creditor or to a debtor in the absence of any express provision.

(d) In the event that a Subordinated Holder (or an agent duly authorized by a Subordinated Holder) has duly exercised its rights pursuant to Section 5.1(b) hereof and no Senior Holder has exercised its rights under Section 5.1(a) hereof, then (but for so long only as no Senior Holder has exercised its rights under Section 5.1(a) hereof):

- (i) the Trustee shall have regard to the instructions and directions of the Subordinated Holder only in exercising rights and remedies under this Deed and shall have no duty or obligation hereunder to act in accordance with the instructions or directions of any other Holder;
- (ii) in giving the Trustee instructions and directions in pursuance of its rights under paragraph (i) above, the Subordinated Holder shall act in good faith; and

- (iii) while nothing shall prevent the Senior Holders from exercising their rights under Section 5.1(a) hereof if they are entitled to do so as between the Corporation and themselves, until they have done so, the Senior Holders shall not do any of the following without the consent of the Subordinated Holders: (A) give instructions and directions to the Trustee relating to the exercise of those rights and remedies being exercised by the Subordinated Holders in accordance with this Section 5.1(d), (B) direct the Trustee to waive any defaults pursuant to Section 4.2 of this Deed, (C) unreasonably withhold or delay its consent to the appointment of a replacement Trustee requested by the Subordinated Holders, or (D) exercise any of the rights set out in Sections 9.1(a), (b), (e) and (f) of this Deed.

## 5.2 Remedies

If the security hereby constituted becomes enforceable as herein provided, and the Corporation has failed to pay to the Trustee on demand the principal amount of and interest accrued on the Debentures:

- (a) the Trustee may in its discretion take possession of the whole or any part of the mortgaged property and carry on all or any part of the business of the Corporation relating to the mortgaged property and borrow money on the security of the mortgaged property in priority to the security hereby created for the purpose of maintenance, preservation or protection of the mortgaged property or for the carrying on of all or any part of the business of the Corporation relating to the mortgaged property and in so acting the Trustee shall have the power to exclude the Corporation, its servants and agents from the mortgaged property;
- (b) whether or not the Trustee has exercised any or all of its rights under Section 5.2(a), the Trustee may sell, lease or otherwise dispose of the whole or any part of the mortgaged property at public auction, by private tender or private sale, either for cash or upon credit and upon such terms and conditions as the Trustee may determine, and the Trustee may execute and deliver to any purchaser of the mortgaged property or any part thereof good and sufficient deeds and documents for the same, and, without limiting the powers granted to the Trustee, the Trustee is irrevocably constituted the attorney of the Corporation for the purpose of making any such sale and executing such deeds and documents (which appointment, being coupled with an interest, shall survive the bankruptcy of the Corporation);
- (c) the Trustee may also exercise any of the other rights to which the Trustee or the Holders are entitled including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver and manager (a "receiver"), for the sale of the mortgaged property or any part thereof or for foreclosure, and the right to take any other action, suit, remedy or proceeding authorized or permitted under this Deed or by law or in equity in order to enforce the security constituted by this Deed; and
- (d) the Trustee may also by instrument in writing appoint a receiver of the mortgaged property or of any part thereof and may remove any receiver so appointed and appoint another in his stead, and such receiver shall have the same rights, powers and authorities as are conferred on the Trustee by this Section 5.2. In addition the following provisions shall apply:
  - (i) such appointment shall be made in writing signed by the Trustee and such writing shall be conclusive evidence for all purposes of such appointment; the Trustee may from time to time in the same manner remove any receiver so appointed and appoint another in its stead; in making any such appointment the Trustee shall be deemed to be acting as the attorney for the Corporation and the Corporation hereby consents to the appointment of a receiver;



- (ii) any such appointment may be limited to any part or parts of the mortgaged property or may extend to the whole thereof;
- (iii) every receiver may, in the discretion of the Trustee, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Trustee hereunder and shall be vested with all of the powers and protections afforded to a receiver under applicable law;
- (iv) the Trustee may from time to time fix the reasonable remuneration of the receiver and direct the payment thereof, in priority to the other obligations secured hereby, out of the mortgaged property, the income therefrom or the proceeds thereof;
- (v) the Trustee may from time to time require any receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Trustee shall not be bound to require such security;
- (vi) every such receiver may, with the consent in writing of the Trustee, borrow money for the purpose of carrying on the business of the Corporation in respect of any part of the mortgaged property or for the maintenance, protection or preservation of the mortgaged property or any part thereof, and any receiver may issue certificates (in this Section called "Receiver's Certificates"), for such sums as will in the opinion of the Trustee be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Trustee may consider expedient, and shall bear such interest as shall therein be declared and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Trustee may consider advisable and may pay such commission on the sale thereof as the Trustee may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Trustee form a charge upon the mortgaged property in priority to this Deed;
- (vii) every receiver shall, regarding its acts or omissions, be deemed the agent of the Corporation, and in no event the agent of the Trustee and the Trustee shall not, in making or consenting to such appointment, incur any liability to any receiver for its remuneration or otherwise howsoever;
- (viii) except as may be otherwise directed by the Trustee, all monies from time to time received by any receiver shall be paid over to the Trustee; and
- (ix) the Trustee may pay over to any receiver any monies constituting part of the mortgaged property to the extent that the same may be applied for the purposes hereof by such receiver and the Trustee may from time to time determine what funds any receiver shall be at liberty to keep on hand with a view to the performance of its duties as such receiver.

In the exercise of their rights, powers and authorities hereunder, the Trustee and any receiver appointed by the Trustee shall be the agent of the Corporation, and the Trustee and the Holders shall not be in any way responsible for any misconduct or negligence of any such receiver, nor shall the Holders be in any way responsible for any misconduct or negligence of the Trustee.

### 5.3 Public Sale

The Trustee, the Holders or any agent or representative thereof, may become purchasers at any public sale of the mortgaged property, whether made under a power of sale provided for in this Deed or pursuant to judicial proceedings.

#### 5.4 Application of Proceeds of Realization of Security

Except as otherwise provided in this Deed, by law or by order of a court or by any resolution of the Holders, any and all monies arising from the enforcement of any remedy provided for herein, including, without limitation, the carrying on of the business of the Corporation and the sale or other realization of the whole or any part of the mortgaged property, whether under any sale by the Trustee or by judicial process or otherwise, shall be paid over to the Trustee, shall be held by the Trustee and, together with any other monies then or thereafter in the hands of the Trustee available for the purpose, shall be applied by the Trustee as follows:

- (a) firstly, if and to the extent that the Trustee deems that it is in the interest of the Holders generally and the same is not inconsistent with any resolution of the Senior Holders, to pay all charges and liens on the mortgaged property ranking (or capable of ranking) in priority to the security constituted by this Deed or to keep in good standing any such prior lien;
- (b) secondly, to pay all amounts due to the Trustee hereunder, including without limitation, costs, charges and expenses referred to in Section 3.9;
- (c) thirdly, to pay the outstanding principal amount secured by the Senior Debentures, to pay all interest secured by the Senior Debentures including interest on overdue interest accrued but unpaid to the date of the demand for payment of the amounts secured by such Senior Debentures and to pay all interest including interest on overdue interest accruing after the date of demand for payment and remaining unpaid of such amounts rateably and proportionately, having regard to the amount of the obligations secured by such Senior Debentures, rather than the face amount of any Senior Debenture that has been pledged in accordance with Section 1.3 above;
- (d) fourthly, after payment of all amounts secured by, and cancellation of, all Senior Debentures, to pay, in order as they succeed to being Senior Debentures, all amounts secured by each series of Subordinated Debentures in the same manner as in Section 5.4 (c) above;
- (e) fifthly, in payment of all other amounts at any time and from time to time remaining outstanding and unpaid under this Deed; and
- (f) sixthly, the surplus, if any, of such money shall be paid to the Corporation or its assigns or otherwise in accordance with applicable law.

#### 5.5 Duty to Inquire

No person dealing with the Trustee, its agents or any receiver appointed pursuant hereto (or pursuant to any agreement to which the Corporation and one or more of the Holders are parties) shall be concerned to inquire whether the powers which the Trustee, its agents or any receiver appointed pursuant hereto (or pursuant to any agreement to which the Corporation and one or more of the Holders are parties) is purporting to exercise have become enforceable, or whether any money remains due upon the security constituted by this Deed, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or any other dealing by the Trustee with the mortgaged property or any part thereof or to see to the application of any money paid to the Trustee; and, in the absence of fraud on the part of such person, such dealings shall be deemed to be within the powers conferred on the Trustee and to be valid and effective accordingly.

#### 5.6 Possession

The Corporation shall on demand by the Trustee or any receiver yield up possession of the mortgaged property or any part thereof as demanded by the Trustee whenever the Trustee shall have a right to exercise any rights or remedies under Section 5.2 and put no obstacle in the way of, but

facilitate by all legal means, the actions of the Trustee or any receiver hereunder and not interfere with the carrying out of the powers hereby granted to the Trustee or any appointed receiver.

#### 5.7 Remedies Not Exclusive

No right, power or remedy herein conferred upon or reserved to the Trustee or any receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by applicable law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. No delay or omission of the Trustee in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default or an acquiescence therein. Every right, power and remedy given to the Trustee or to a receiver by this Deed or under applicable law may be exercised from time to time and as often as may be deemed expedient by the Trustee or such receiver, as applicable.

#### 5.8 Power of Attorney

The Corporation hereby irrevocably constitutes and appoints the Trustee its true and lawful attorney and agent, with full power and authority in the Corporation's name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Trustee considers necessary or desirable to do all things which the Corporation is required to sign, execute and do hereunder if the Corporation has failed to sign, execute or do the same and generally to use the name of the Corporation, as applicable, in the exercise of all or any of the powers hereby conferred on the Trustee, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Trustee until the security constituted hereby shall have become enforceable. Such appointment and power of attorney is hereby declared by the Corporation to be an irrevocable power coupled with an interest.

#### 5.9 Restriction on Corporation and its Officers and Directors

Upon the Corporation receiving notice from the Trustee of the taking of possession of the mortgaged property or the appointment of a receiver, all the powers, functions, rights and privileges of each of the directors and officers of the Corporation with respect to the properties, business and undertaking of the Corporation shall cease unless specifically continued by the written consent of the Trustee.

### 6. DISCHARGE

6.1 Subject to Section 7, this Deed and the rights hereby granted (other than the Trustee's rights under Section 3.9 above) shall cease, determine and be void, and the Trustee shall at the request and expense of the Corporation cancel and discharge the mortgages and charges of this Deed (including the additional security provided for in Section 10 (the "Additional Security")) and execute and deliver to the Corporation such deeds or other instruments as shall be requisite therefor, if the Corporation first satisfies the Trustee that it has paid the principal amount and interest secured by the Debentures and has otherwise observed and performed the terms and conditions of this Deed and the Additional Security and has otherwise satisfied all obligations secured, or that all of the Debentures have been validly cancelled as contemplated in Section 1.6.

6.2 The registrar of any registration division in which any mortgaged property is situate shall discharge and cancel the registration of any mortgage, pledge or charge, or transfer or giving in payment created hereby or by the Additional Security or hereafter created under the provisions hereof upon the registration of any discharge, release or document to that effect signed by the Trustee, without being obliged to see that any of the conditions of this Deed or of the Additional Security have been fulfilled.

## 7. CONTINUING AND ADDITIONAL SECURITY

7.1 The Debentures and the security created by this Deed shall be effective whether or not any monies or liabilities secured by this Deed are advanced or incurred before or after the date of this Deed, and shall not be considered as satisfied or discharged by any intermediate payment of the whole or part of the obligations secured by the pledge of the Debentures issued under this Deed but shall constitute and be a continuing security to the Holders for a current or running account and shall be in addition to and not in substitution for any other security now or hereafter held by the Holders or any of them. The remedies of the Trustee under this Deed may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Trustee or the Holders however created.

## 8. TRUSTEE

### 8.1 Acceptance by Trustee

The Trustee hereby accepts the trusts declared and provided in this Deed and agrees to perform the trusts upon the terms and conditions of this Deed, subject to the following:

- (a) the Trustee may appoint such agents and employ or retain, in relation to this Deed, such lawyers, accountants, valuers, engineers, architects, appraisers, or such other experts as it may reasonably require in the circumstances and for the purpose of discharging its duties hereunder and shall be entitled to pay reasonable compensation for the advice or assistance so obtained, but nevertheless the Trustee shall not be obliged to act on any advice or assistance so obtained. The Trustee may act and shall be protected in acting in good faith on the opinion or the advice of or information obtained from any counsel (including where appropriate counsel acting for the Corporation or any Holder acceptable to the Trustee), accountant, valuator, engineer, architect, appraiser or other expert or advisor, in each case selected by the Trustee using reasonable care, in relation to any matter arising in connection with the administration of this Deed;
- (b) in respect of any direction, authorization, statement of fact, copy of by-law, resolution or other proceeding or writing which the Trustee may require from the Corporation, the Trustee shall be entitled to accept and act upon the same, provided the said documents bear the signature of any officer or director of the Corporation;
- (c) the Trustee shall be accountable only for reasonable diligence in respect of the trusts hereby conferred upon it and shall not be accountable for any act or default of any agent or other person engaged by the Trustee for the performance of any duty or duties hereunder (except employees of the Trustee), provided the Trustee shall have selected such agent or person with reasonable care;
- (d) subject to any resolution of the Holders (or the Senior Holders where specified in this Deed), the Trustee shall as regards all the trusts, powers, authorities and discretion vested in it have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof, and in the absence of fraud, negligence or wilful misconduct, it shall in no way be responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof;
- (e) the Trustee shall not be bound to take any steps to enforce any of the covenants on the part of the Corporation contained in the Debentures, except insofar as it may be required to do so by the Senior Holders (or the Subordinated Holders pursuant to Section 5.1(b)) in writing upon being furnished with an indemnity reasonably satisfactory to the Trustee;

- (f) the obligation of the Trustee to commence or continue any act, action or proceedings for the purpose of realizing the collateral or for the enforcement of any covenant or obligation under or arising out of these presents or the Debentures shall, at the option of the Trustee, be conditional upon the Holders furnishing, when requested in writing by the Trustee, sufficient funds to commence or continue such action or proceedings and an indemnity satisfactory to the Trustee to protect and hold harmless the Trustee against costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may sustain by reason thereof;
- (g) the Trustee may, but shall not be obliged to, enter onto the mortgaged property to take such actions as the Trustee may in its sole discretion deem necessary or advisable to clean up, remediate, encapsulate, remove, resolve, or minimize the impact of, or otherwise deal with, any contaminants or breaches of Environmental Laws which could in the opinion of the Trustee jeopardize the security interest in the mortgaged property created by this Deed;
- (h) the Trustee shall have no responsibility to supervise or have control over the conduct of the Corporation's environmental practices, nor shall any action or inaction by the Trustee be construed as exercising care, control or management over the mortgaged property; and
- (i) nothing in this Deed shall be deemed to make the Trustee responsible for failure to obtain or maintain adequate or any insurance coverage for the mortgaged property or to ensure that such insurance is obtained and maintained by the Corporation, or for any loss arising from any defects in any policy or because of the failure of any insurer to pay for any loss or damage insured against, and the Trustee shall be entitled to request, and rely absolutely upon, a certificate of an officer of the Corporation that the insurance carried by the Corporation from time to time is in compliance with all relevant requirements of this Deed.

## 8.2 Trustee not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Deed or otherwise in respect of this Deed.

## 8.3 Protection of Trustee

By way of supplement to the provisions of any law for the time being relating to trustees, it is expressly declared and agreed as follows:

- (a) the Trustee shall not be liable for or by reason of any failure or defect of title to, or encumbrance upon, the mortgaged property;
- (b) the Trustee shall not be liable for or by reason of any statements of fact or recitals in this Deed, or in the Debentures (except in the Certificate of the Trustee thereon) or in any document ancillary or supplemental hereto or thereto, or required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;
- (c) nothing herein or in the Debentures shall impose any obligation on the Trustee or any Holders to see to or to require evidence of the registration or filing or renewal of this Deed, any of the Debentures or any other instrument ancillary or supplemental hereto or thereto or any other deed or writing by way of mortgage or charge upon the mortgaged property or any part thereof or to procure any further, other or additional instrument of further assurance or to do any other act for the continuance of the security hereof or encumbrance or for giving notice of the existence of such security or for extending or supplementing the same;

- (d) the Trustee shall not be bound to give notice to any person or persons of the execution hereof or the security constituted hereby or in any way to interfere with the conduct of the business of the Corporation, unless and until the security hereby constituted shall have become enforceable and the Trustee shall have become bound to enforce the same;
- (e) the Trustee shall not incur any liability or responsibility whatever in consequence of permitting or suffering the Corporation, its successors or assigns, to retain or be in possession of any part of its mortgaged property and to use and enjoy the same unless herein or in the Debentures expressly otherwise provided; nor shall the Trustee be or become responsible or liable for any destruction, deterioration, loss, injury or damage which may be done or occur to the mortgaged property by the Corporation, its agents or servants, or by any other person or be in any way responsible for the consequences of any breach on the part of the Corporation of, or to inquire as to the performance by the Corporation of, any of the covenants herein or in the Debentures contained or of any acts of the agents or servants of the Corporation;
- (f) unless otherwise required by law, the Trustee shall not be liable by reason of any entry into possession of the mortgaged property or any part thereof to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable save such as may be caused by its own fraud, negligence or wilful misconduct;
- (g) the Trustee on its own behalf or in any other capacity, may buy, lend upon and deal in shares in the capital stock of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby;
- (h) none of the provisions contained in this Deed shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified in accordance with this Deed;
- (i) the Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Holders at whose instance it is acting to deposit with the Trustee the Debentures held by them, for which Debentures the Trustee shall issue receipts;
- (j) the Trustee shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any security deposited with it, including any stock transfer power of attorney; and
- (k) in the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Deed or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, provided that the Trustee examines such statutory declarations, opinions, reports or certificates and determines, acting in good faith, that they comply with any applicable requirements of this Deed.

#### 8.4 Trustee's Obligation to Act

Unless and until the Trustee is required to do so under the terms of this Deed, the Trustee shall not be bound to give any notice or to take any act, action or proceeding by virtue of the powers conferred on it by this Deed; nor shall the Trustee be required to take notice of an event of default under this Deed, other than in payment of any monies required by any provisions hereof to be paid

to it. Unless and until notified in writing of such events of default or such default and in the absence of any such notice, the Trustee may assume that the Corporation is not in default hereunder and that no default has been made with respect to the payment of principal or interest under the Debentures or in the observance of performance or any of the covenants, agreements or conditions contained herein.

The right and obligation of the Trustee to commence or continue an act, action or proceeding for the purpose of enforcing any rights of the Trustee or the Holders hereunder shall be conditional on (i) the Trustee receiving a resolution from the Senior Holders (or the Subordinated Holders (or an agent on their behalf) pursuant to Section 5.1(b) exercised in accordance with Section 5.1(d) and (ii) compliance with Section 8.1 (f).

#### **8.5 Resignation of Trustee**

The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation not less than 30 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. The Senior Holders shall have the power at any time to remove the Trustee and to appoint a new Trustee. In the event of the Trustee resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Senior Holders; failing such appointment by the Corporation, the retiring Trustee (at the Corporation's expense) or any Senior Holder may apply to a Judge of the Court of Queen's Bench of Manitoba, on such notice as such Judge may direct, for the appointment of a new Trustee, but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Senior Holders. Any new Trustee appointed under these provisions shall be a corporation authorized to carry on the business of a trust company in the Province of Manitoba.

#### **8.6 Powers of New Trustee**

Any new Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and deliver one counterpart or notarial copy thereof to the Corporation and one counterpart or notarial copy thereof to the Trustee last in office and the Holders shown on the Trustee's register, and thereupon such new Trustee without further act, deed or conveyance shall become vested with all estates, properties, rights, powers and trusts of its predecessor in the trusts hereunder, with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument or instruments assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the said property and assets and all rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall, on request of said new Trustee, be made, executed, acknowledged and delivered by the Corporation. At the request of the Corporation or the new Trustee, the retiring Trustee, upon payment of the amounts, if any, due to it pursuant to Section 3.9, shall duly assign, transfer and deliver to the new Trustee all property and money held and all records kept by the retiring Trustee hereunder or in connection herewith.

#### **8.7 Corporate Re-organization of Trustee**

Any company into which the Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Trustee shall be a party, shall be the successor Trustee under this Deed without the execution of any instrument or any further act.

## 8.8 Evidence

The Corporation shall furnish to the Trustee evidence of compliance with the conditions provided for in this Trust Deed relating to any action or step required or permitted to be taken by the Corporation or the Trustee under this Trust Deed or as a result of any obligation imposed under this Trust Deed, including, without limitation, the issue, certification and delivery of Debentures hereunder, the satisfaction and discharge of this Trust Deed and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation, forthwith if and when:

- (i) such evidence is required by any other Section of this Trust Deed to be furnished to the Trustee in accordance with the terms of this Section; or
- (ii) the Trustee, in the exercise of its rights and duties under this Trust Deed, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (A) a certificate of an officer of the Corporation stating that any such condition has been complied with in accordance with the terms of this Trust Deed;
- (B) in the case of any such condition compliance with which is, by the terms of this Trust Deed, made subject to review by legal counsel, an opinion of counsel to the Trustee that such condition has been complied with in accordance with the terms of this Trust Deed; and
- (C) in the case of any such condition compliance with which is, by the terms of this Trust Deed, made subject to review or examination by an auditor or accountant, an opinion or report of the auditors of the Corporation or any accountant licenced under the applicable laws of the Province of Manitoba based on the examinations or enquiries required to be made under the terms of this Trust Deed, in each case approved by the Trustee, that such condition has been complied with in accordance with the terms of this Trust Deed.

Whenever such evidence relates to a matter other than the issue, certification and delivery of Debentures, the satisfaction and discharge of this Trust Deed or the taking of any other action to be taken by the Trustee at the request or on the application of the Corporation, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of the Corporation it shall be in the form of a certificate satisfactory to the Trustee (acting reasonably). Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this section.

Each statutory declaration, certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this Trust Deed shall include a statement by the person giving the evidence:

- (a) declaring that he has read and understands the provisions of this Trust Deed relating to the condition in question;
- (b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and
- (c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed herein.



Upon the demand of the Trustee, the Corporation shall furnish the Trustee with evidence in such form as the Trustee may reasonably require as to compliance with any condition contained in this Trust Deed relating to any action required or permitted to be taken by the Corporation or as to any other matter referred to herein.

#### **8.9 Action By Trustee to Protect Interests**

The Trustee shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Holders.

#### **8.10 Duties of Trustee**

The Trustee, in exercising its powers and discharging its duties hereunder, shall:

- (i) act honestly and in good faith with a view to the best interests of the Holders;
- (ii) exercise the care, diligence and skill of a reasonably prudent trustee; and
- (iii) act reasonably wherever such standard is stipulated herein and otherwise shall act as required by law.

### **9. RESOLUTIONS OF HOLDERS**

#### **9.1 Powers of the Holders**

The powers of the Holders shall be exercisable by the Senior Holders only, except (i) as expressly provided in Sections 3.2, 3.10(a), 5.1(b) and 5.1(d) of this Deed, and (ii) as to matters set forth in paragraphs (c), (d), (e) and (g) below which shall be also exercisable by Subordinated Holders as described in those paragraphs, and include but are not limited to the following powers exercisable from time to time by resolution of the Senior Holders:

- (a) the power to require the Trustee to refrain from enforcing any covenant on the part of the Corporation herein or to refrain from exercising any of the powers set forth herein and conferred on the Trustee or to direct the Trustee to waive any default or defaults on the part of the Corporation on such terms as may be deemed advisable or to cancel any declaration or waiver previously made by the Trustee under this Deed;
- (b) power to remove a Trustee from office and to appoint a new Trustee;
- (c) power to assent to any judgment, compromise or arrangement by the Corporation with any creditor, creditors or class or classes of creditors or with the holder(s) of any shares or securities of the Corporation, which shall also require the approval of the Holders of each series of Subordinated Debentures in respect of any judgment, compromise or arrangement affecting their respective Debentures;
- (d) power to assent to any modification of or change in or addition to or deletion from the rights of the Holders or the provisions contained in this Deed or any instrument ancillary or supplementary hereto or thereto or any agreement forming part of the mortgaged property which shall be agreed by the Corporation and to authorize the Trustee to concur in and execute any indenture supplemental to this Deed or any agreement supplemental to any instrument embodying any such modification, change, addition, deletion or to concur in and execute any deeds, documents, or writings authorized by such resolution, which shall also require the approval of the Holders of each series of Subordinated Debentures in respect of any such modification, change, addition, deletion affecting their respective Debentures;

- (e) power to approve the release of the Corporation and of the whole or any part of the mortgaged property from the security constituted hereby, which shall also require the approval of the Holders of each series of Subordinated Debentures;
- (f) power to authorize the Trustee to execute and deliver such form of priority agreement as may reasonably be requested by the Corporation to evidence the priority of any permitted liens which are permitted by the terms of any agreements entered into with all of the Holders to rank prior to the security constituted hereby; and
- (g) power to issue additional Debentures pursuant to Section 1.1, which shall also require the approval of the Holders of each series of Subordinated Debentures, which consent, in the case of the Subordinated Holders, shall not be unreasonably withheld.

The powers of the Holders shall be deemed to be several and cumulative and not dependent on each other and the exercise of any one or more of such powers, or in any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Holders to exercise such power or powers, or combination of powers thereafter from time to time.

## 9.2 Resolutions of the Holders

The powers specified in Section 9.1 of this Deed and every other power conferred upon the Senior Holders or Subordinated Holders, as the case may be, by any provisions of this Deed or the Debentures or any agreement ancillary or supplemental hereto or thereto shall be exercised by resolution passed in the following manner:

- (a) the substance of any resolution may be embodied in an instrument in writing and such resolution shall be deemed to have been passed when such instrument has been executed by the Senior Holders or Subordinated Holders, as the case may be, holding an aggregate of more than 66 2/3% of the principal amount of all of the outstanding Debentures in the relevant series;
- (b) any such instrument, and any requisition or other instrument to be executed by any Holders under any provisions of this Deed, may be executed in counterparts and any of the Holders may execute the same in person or by agent or attorney duly authorized in writing;
- (c) at the request of the Trustee, the date and execution by any of the Holders or agent or attorney of any such instrument and the execution by any of the Holders of any power of attorney shall be proved by the certificate of any notary public that the person signing the same has acknowledged to him the execution thereof, by affidavit or statutory declaration of a witness to such execution, or by the signature of the Holder as witnessed by any officer of any bank or trust company; such proof shall be conclusive in favour of the Trustee with regard to any action taken or suffered by the Trustee under such instrument. No such instrument shall be effective until delivery thereof to the Trustee; and
- (d) the Trustee shall give notice to all Holders of each resolution of the Senior Holders or Subordinated Holders passed as aforesaid.

## 9.3 Effect of Resolutions of Holders

Any resolution passed as provided in Section 9.2 shall be binding upon the Holders and each of them, and the Trustee (subject to the provisions for its indemnity, if any, set forth in this Deed) shall be bound to give effect thereto accordingly.

**10. ADDITIONAL SECURITY**

10.1 To more effectively secure the due payment in lawful money of Canada of the obligations secured and all other amounts owing under or in connection with this Deed and the Debentures, the Corporation shall issue for the benefit of the Holders and as additional security such pledges of shares, deeds of hypothec and other security documents as may be agreed to by the Corporation, in a form and substance required by the Holders and the Trustee. Such additional security documents shall be in favour of the Trustee, who shall hold the same for and on behalf of the Holders from time to time. The provisions of this Deed, including without limitation, Sections 3.9, 7, 8 and 9, shall apply with respect to such additional security documents.

**11. NOTICE**

11.1 Any notices to be given under this Deed shall be given to the parties at the addresses set out below, or to the Holders at the addresses specified in the Trustee's records. Notice shall be deemed to have been effectually given when such notice is delivered personally to the addressee by hand or by fax with receipt confirmed or on the third business day after such notice is mailed by prepaid registered mail to the addressee. Subject to the right of each party to change its address by notice to the other parties from time to time, the addresses of the parties are as follows:

The Arctic Group Inc.  
625 Henry Avenue  
Winnipeg, Manitoba  
R3A 0V1

Attention: Chief Executive Officer  
Fax No.: (204) 783-9857

Montreal Trust Company  
151 Front Street West  
Suite 605  
Toronto, Ontario  
M5J 2N1

Attention: Manager, Corporate Trust Department  
Fax no.: 416-981-9777

**12. DATE OF DEED**

12.1 This Deed may be referred to as bearing the formal date of 17 August 1999, notwithstanding the actual date of its execution.

**13. EFFECT OF HEADINGS**

13.1 The headings and marginal notes of the Sections in this Deed are inserted for convenience of reference only and shall not affect the interpretation of this Deed.

**14. GOVERNING LAW**

14.1 The Deed shall be governed by and construed in accordance with the laws of the Province of Manitoba and the Federal laws of Canada applicable therein.

**15. MISCELLANEOUS**

15.1 No land which is charged or mortgaged under this Deed is farm land within the definition of subsection 1(1) of the *Farm Lands Ownership Act* (Manitoba).

15.2 The Corporation hereby agrees that *The Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action, as in *The Land Contracts (Actions) Act* defined, with respect to the within Deed or with respect to any mortgage, charge or other security given by the Corporation pursuant to this Deed or to any indenture, instrument or agreement entered into by the Corporation at any time hereafter, supplemental or ancillary to or in implementation of this Deed and all of the benefits of the said Act are hereby waived. To the extent permitted by law, the Corporation expressly waives its rights under the *Alberta Insurance Act* and the *Fire Prevention (Metropolis) Act, 1774* (GEO III, Ch. 78).

15.3 *The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to:

- (a) this Deed;
- (b) any mortgage, charge or other security for the payment of money made, given or created by this Deed;
- (c) any agreement or instrument renewing or extending or collateral to this Deed or renewing or extending or collateral to any mortgage, charge or other security referred to or mentioned in subparagraph (b) of this Section; or
- (d) the rights, powers or remedies of the Trustee under this Deed or any mortgage, charge, other security, agreement or instrument referred to or mentioned in subparagraph (b) or (c) of this Section.

15.4 For purposes of Section 198.1 of the *Land Title Act* (British Columbia), the floating charge created by Section 2.1 on any present or future real or immovable property or interest therein (for purposes of this Section 15.4 collectively referred to as the "Real Property") will become a fixed charge on such Real Property upon the earlier of (a) a demand for payment being made pursuant to Section 5.1 and the Trustee upon being so directed by resolution of the Senior Holders or Subordinated Holders (if they act under Section 5.1(b)) giving written notice to the Corporation that such floating charge has become a fixed charge on such Real Property, and (b) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge on real property. The right of consolidation shall apply to this Trust Deed notwithstanding Section 27 of the Property Law Act of British Columbia or any similar statutory provision in force from time to time.


15.5 The Corporation acknowledges receipt of a true copy of this Deed.

15.6 The Corporation expressly waives the right to receive a copy of any financing statement or confirmation statement or financing change statement which may be registered by the Trustee in connection with this Deed or any verification statement issued with respect thereto where such waiver is not otherwise prohibited by law.


THE PARTIES REQUIRE THAT THIS DEED, THE DEBENTURES AND ALL NOTICES, DOCUMENTS AND ACTIONS GIVEN, DELIVERED OR INSTITUTED PURSUANT TO THIS DEED BE DRAWN IN ENGLISH. LES PARTIES EXIGENT QUE LE PRESENT ACTE, LES OBLIGATIONS ET TOUS LES AVIS, DOCUMENTS, OU ACTIONS DONNES, PASSES OU INTENTES EN VERTU DU PRESENT ACTE SOIENT REDIGES EN ANGLAIS.

IN WITNESS OF WHICH the parties have signed this Deed.

**THE ARCTIC GROUP INC.**

By:   
Name: Robert Nagy  
Title: President  
c/s

**MONTREAL TRUST COMPANY**

By:   
Name: \_\_\_\_\_  
Title: CORPORATE TRUST OFFICER  
c/s

By:   
Name: \_\_\_\_\_  
Title: SANDY STEPHENS  
Senior Corporate Trust Officer

**SCHEDULE A**

Series ♦ No. ♦

♦% DEBENTURE

\$ ♦

The Arctic Group Inc. (the "Corporation"), for value received, promises to pay on demand to the registered holder of this Debenture at ♦, ♦ DOLLARS (\$♦) in lawful money of Canada, and to pay interest thereon from the date hereof at the same place in like money at the rate of ♦ per cent (♦%) per annum, calculated monthly and payable on demand, both before and after maturity and default, with interest on overdue interest at the same rate.

This Debenture is issued under and secured by a Trust Deed dated as of ♦ 1999 (the "Trust Deed") executed by the Corporation in favour of Montreal Trust Company as Trustee, and this Debenture is subject to the terms and provisions of the Trust Deed.

This Debenture may be transferred by the holder only in accordance with the Pledge Agreement (the "Pledge Agreement") and upon compliance with the provisions of Section 1.5 of the Trust Deed. In the event of any conflict between the terms of the Pledge Agreement and the terms of this Debenture, the terms of the Pledge Agreement shall prevail.

This Debenture shall not become a binding obligation of the Corporation until it shall have been certified by the Trustee under the Trust Deed.

IN WITNESS OF WHICH the Corporation has caused this Debenture to be signed by its duly authorized signing officer and to be dated ♦.

**THE ARCTIC GROUP INC.**

c/s

By: \_\_\_\_\_  
Name:  
Title:

**TRUSTEE'S CERTIFICATE**

This Debenture is a Debenture issued under the Trust Deed within-mentioned.

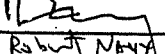
Dated: ♦

**MONTREAL TRUST COMPANY**

By: \_\_\_\_\_  
Name:  
Title:

THIS SCHEDULE IS ATTACHED TO AND FORMS PART OF A TRUST DEED BETWEEN THE ARCTIC GROUP INC. AND MONTREAL TRUST COMPANY DATED AS OF THE 17TH DAY OF AUGUST, 1999.

THE ARCTIC GROUP INC.

By:   
Name: Robert Naya  
Title: President

**SCHEDULE B**

The Arctic Group Inc. (the "Company"), being the registered and beneficial owner of the land described below, subject however to such mortgages, encumbrances, liens and interests as are notified by memorandum underwritten, covenants with Montreal Trust Company that it will pay to Montreal Trust Company the principal amount hereby secured and interest thereon as hereinbefore provided; together with all other amounts secured by means of this Trust Deed, and for the better securing to Montreal Trust Company repayment of all such amounts, the Company hereby mortgages to Montreal Trust Company its estate and interest in the said land. The Company hereby covenants with Montreal Trust Company that it has done no act to encumber the land and that on default Montreal Trust Company shall have quiet possession of the land, free from all encumbrances save and except those noted on the memorandum underwritten and that the Company: (1) has a good title to the said land; (2) has the right to mortgage the land; and (3) will execute such further assurances of the land as may be requisite.

**REAL PROPERTY OWNED BY THE ARCTIC GROUP INC.**

**Manitoba**

Civic Address: 625 Henry Avenue, Winnipeg, Manitoba

**Parcel One**

Title No.: 1603439

Legal Description: Lot 12 Block 35 Plan 331 WLTO (W Div) in RL 35 Parish of St John.

Prior Encumbrances: Mortgage No. 1997742  
Mortgage No. 2260374

**Parcel Two**

Title No.: 1603440

Legal Description: All that portion of Lot 1 Block 41 Plan 331 WLTO (W Div) which lies to the SE of the Southeastern Limit of those portions of Lots 1 and 2 in said Block 41 shown as Parcel 2 and coloured pink on Plan 2547 WLTO, together with a right of way for all purposes and as appurtenant to the land above described over and upon said Parcel 2, in RL 35 Parish of St John

Prior Encumbrances: Mortgage No. 1997742  
Mortgage No. 2260374

**Parcel Three**

Title No.: 1603438

Legal Description: Lots 8 to 11 Block 35 Plan 331 WLTO (W Div) in RL 35 Parish of St John

Prior Encumbrances: Mortgage No. 1997742  
Mortgage No. 2260374

Alberta

Civic Address: 412 41 Av NE, Calgary, Alberta

Title No.: 981 406 325

Ref. No.: 861 065 382

Legal Description: Plan Calgary 7410938 Block Thirteen (13)

That portion of Lot "A" which lies to the West of the Easterly Fifty Four and Thirty Hundredths (54.30) metres in perpendicular width throughout containing 0.203 Hectare more or less excepting thereout all mines and minerals

Prior Encumbrances: Utility Right of Way No. 8896IE  
Utility Right of Way No. 741 102 966  
Zoning Regulations No. 771 147 064  
Easement No. 861 065 383  
Builder's Lien No. 911 133 266  
Mortgage No. 941 178 326  
Mortgage No. 981 147 361



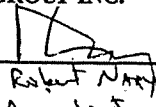
THIS SCHEDULE IS ATTACHED TO AND FORMS PART OF A TRUST DEED BETWEEN THE ARCTIC GROUP INC. AND MONTREAL TRUST COMPANY DATED AS OF THE 17TH DAY OF AUGUST, 1999.

THE ARCTIC GROUP INC.

By:

Name:

Title:

  
Robert Noy  
President

**SCHEDULE C**

**REAL PROPERTY LEASED BY THE ARCTIC GROUP INC.**

**British Columbia**

A leasehold interest in the following property, pursuant to a lease dated the 1st day of November, 1990 between Shogun Compu-Time Ltd. as Landlord and Pacific Ice Company Inc. as Tenant:

Civic Address: 9679 - 186th Street, Surrey British Columbia  
Parcel Identifier: 007 144 431  
Legal Description: Lot A (AA60615), District Lot 99, Group 2, New Westminster District, Plan 54762  
Prior Encumbrances: Nil

**Saskatchewan**

A leasehold interest in the following property, pursuant to a lease between Fred's Enterprises Ltd. as Landlord and Jacyn Enterprises Ltd. as Tenant:

Civic Address: 1625 McAra Street, Regina, Saskatchewan  
Title No.: 87R08068  
Ref. No. 79R04450  
87R08067  
Legal Description: Lot K  
Block 96  
Regina, Saskatchewan  
Plan 87R08061  
Minerals Included  
Prior Encumbrances: Caveat No. 98RA09592  
Personal Property Security Act Notice No. 98RA10097

THIS SCHEDULE IS ATTACHED TO AND FORMS PART OF A TRUST DEED  
BETWEEN THE ARCTIC GROUP INC. AND MONTREAL TRUST COMPANY DATED  
AS OF THE 17<sup>TH</sup> DAY OF AUGUST, 1999.

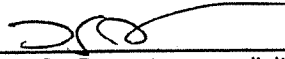
The registration of this instrument does not contravene the provisions of The Farm Lands Ownership Act  
because:

- a) the within land is not farm land as defined in The Farm Lands Ownership Act; or
- b) ~~the interest in farm land is being mortgaged/encumbered pursuant to a bona fide debt obligation;~~

or

c) other (specify section of the Farm Lands Ownership Act):

TS



Timothy S. Dewart, as solicitor  
and agent for Montreal Trust  
Company.



**AND WHEREAS** Computershare and Montreal Trust represent that Computershare acquired the stock transfer and corporate trust businesses of Montreal Trust pursuant to an Asset Purchase Agreement dated as of June 30, 2000, and pursuant thereto Montreal Trust agreed to transfer to Computershare, and Computershare agreed to accept, the appointment as Trustee under the Trust Deed, subject to the agreement of the Company;

**AND WHEREAS** Computershare represents that it is duly qualified to be Trustee under the Trust Deed;

**AND WHEREAS** to give effect to the foregoing, Montreal Trust desires to, in accordance with the terms of the Trust Deed, resign as Trustee thereunder and to be discharged from the trusts thereof, and to assign and transfer to Computershare all of its estates, properties, moneys, records, rights, powers and trusts under the Trust Deed;

**AND WHEREAS** the Company is prepared to accept such resignation and to appoint Computershare as the successor Trustee under the Trust Deed, and Computershare is prepared to accept such appointment;

**AND WHEREAS** the parties wish to execute this First Supplemental Trust Deed for the purpose of providing for the recognition of the Company in the Trust Deed with respect to the Company's continuing liability for the interests, liabilities, obligations and duties of the Predecessor thereunder, and for the purpose of providing for the resignation of Montreal Trust as trustee and for its replacement by Computershare, all with effect as of March 22, 2002 (hereinafter, the "Transfer Date");

**NOW, THEREFORE, THIS FIRST SUPPLEMENTAL TRUST DEED WITNESSES that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the parties covenant and agree as follows:**

1. Each of Montreal Trust, Computershare and the Company hereby confirms the accuracy, truthfulness and completeness of each of the above recitals to which it is a party and acknowledges that same are being relied upon by the parties in entering and executing this First Supplemental Trust Deed;
2. Montreal Trust hereby waives any required notice pursuant to the Trust Deed with respect to any previous change of name or amalgamation involving the Predecessor or the Company and acknowledges and confirms that each of the Predecessor and the Company has complied with all requirements of the Trust Deed, for notice to the Trustee in respect of the Amalgamation.
3. The Trust Deed is hereby amended to recognize the continuation of the Predecessor as the Company, under the name Arctic Glacier Inc.
4. Montreal Trust hereby resigns as Trustee under, and is hereby discharged from the trusts of, the Trust Deed, effective as of the Transfer Date. The Company hereby accepts such resignation, waiving any required period of notice that may be set forth in the Trust Deed.

5. The Company hereby appoints Computershare as successor Trustee under the Trust Deed in the place and stead of Montreal Trust and with like effect as if originally named as Trustee under the Trust Deed, effective as of the Transfer Date, and Computershare hereby accepts such appointment. The parties hereby agree that Montreal Trust shall not be responsible for any liabilities that may arise pursuant to Computershare's administration of the trusteeship after the Transfer Date. For greater certainty, however, nothing in this First Supplemental Trust Deed shall in any way release Montreal Trust from or affect its liabilities, duties or obligations under the Trust Deed arising prior to the Transfer Date.

6. Montreal Trust hereby transfers and assigns to Computershare and Computershare hereby accepts such transfer and assignment, upon the trusts expressed in the Trust Deed, all the rights, powers and trusts of Montreal Trust under the Trust Deed, effective as of the Transfer Date.

7. Montreal Trust agrees to transfer and deliver to Computershare, and Computershare agrees to accept such transfer and delivery of, any and all records, documents, monies and other property that may be held by Montreal Trust in connection with the Trust Deed. Such transfers, deliveries and acceptances shall be made as soon as practicable upon, after, or in anticipation of, the Transfer Date as may be agreed between such parties.

8. Notwithstanding any of the foregoing, the resignation, discharge, appointment, transfers, assignments and other agreements provided for herein will not be effective unless this First Supplemental Trust Deed has been executed by all of the parties hereto, whether upon the original instrument, by facsimile or in counterparts, or any combination thereof, and unless all preconditions to such resignation, discharge, appointment, transfers, assignments and other agreements as may be set forth in the Trust Deed have been fulfilled.

9. Any provision in the Trust Deed specifying the addresses of the parties is hereby amended to record the respective addresses of the parties as follows:

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

Attention: President  
Fax No.: (204) 783-9857

Computershare Trust Company of Canada  
100 University Avenue  
9th Floor, North Tower  
Toronto, Ontario  
M5J 2Y1

Attention: Manager, Corporate Trust Department  
Fax: (416) 981-9777

10. Each party hereto agrees to execute and deliver all such documents and instruments and do such other acts as may be necessary or advisable to give effect to the terms hereof.
11. This First Supplemental Trust Deed is supplemental to the Trust Deed and shall be read in conjunction therewith. Except only insofar as the same may be inconsistent with the express provisions of this First Supplemental Trust Deed, all the provisions of the Trust Deed shall apply to and shall have effect in the same manner as if they and the provisions of this First Supplemental Trust Deed were contained in one instrument. The form of any Debentures to be certified by the Trustee from and after the Transfer Date shall be amended, stamped or legended to identify Computershare as the successor Trustee and the Company as the issuer but the validity of any Debentures certified prior to the Transfer Date shall not be affected by the appointment of Computershare as successor trustee.
12. Computershare as successor Trustee hereby accepts the trusts in the Trust Deed declared and provided and agrees to perform the same upon the terms and conditions herein and in the Trust Deed set forth.
13. This First Supplemental Trust Deed shall enure to the benefit of and be binding upon the parties hereto and their successors and permitted assigns.

