

**TRADEMARK ASSIGNMENT**

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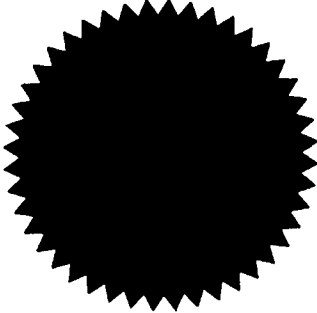
SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Deed of Hypothec		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Paintball L.P. (now known as Procaps L.P. by name change recorded at Reel/Frame 3060/0916)		03/02/2005	LIMITED PARTNERSHIP: ONTARIO
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	National Bank Trust Inc.		
<b>Street Address:</b>	1100 University Street		
<b>City:</b>	Montreal		
<b>State/Country:</b>	QUEBEC		
<b>Postal Code:</b>	H3B 2G7		
<b>Entity Type:</b>	TRUST: QUEBEC		
<b>PROPERTY NUMBERS Total: 4</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
Serial Number:	78551523		
Serial Number:	78578625		
Serial Number:	78551505		
Serial Number:	78407731	IMPACT	
<b>CORRESPONDENCE DATA</b>			
Fax Number:	(205)488-6770		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	2055218770		
Email:	cwilkerson@bradleyarant.com		
Correspondent Name:	Crystal G. Wilkerson, Esq.		
Address Line 1:	1819 Fifth Avenue North		
Address Line 4:	Birmingham, ALABAMA 35203-2104		
ATTORNEY DOCKET NUMBER:	STIKEMAN: 021458-1095		

OP \$115.00 78551523

NAME OF SUBMITTER:	Crystal G. Wilkerson
Signature:	/C Wilkerson/
Date:	10/25/2005

**Total Attachments: 43**

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## DEED OF HYPOTHEC AND ISSUE OF BONDS

ON THE SECOND (2<sup>nd</sup>) DAY OF MARCH TWO THOUSAND AND FIVE (2005).

**B E F O R E** Mtre. Lucie Boulanger, the undersigned notary for the Province of Québec, practicing at Montreal ("Notary").

**APPEARED:** NATIONAL BANK TRUST INC., a trust constituted under *An Act Respecting Trust Companies and Savings Companies* and Part 1 of the *Companies Act* (Québec), having its head office at 1100 University Street, Montréal, Québec, H3B 2G7, herein acting and represented by Carole Bédard, its Advisor, and by Andrée Binette, its Advisor, hereunto authorized pursuant to a resolution adopted on September 1, 2004, a certified copy of which is annexed hereto after having been acknowledged true and signed for the purpose of identification by the said representative(s) in the presence of the undersigned Notary. Notice of its address has been registered at the Register of Personal and Movable Real Rights under number 024150.

(hereinafter the "Trustee")

**AND:** PAINTBALL L.P., a limited partnership formed under the laws of the Province of Ontario, with its head office at 40 King Street West, Suite 2100, Scotia Plaza, Toronto, Ontario, M5H 3C2, herein acting and represented by its General Partner, 2063149 ONTARIO INC., itself herein acting and represented by Marie-Andrée Gravel, its representative, duly authorized pursuant to a power of attorney dated March 2, 2005, a copy of which is attached hereto and which power of attorney has been granted pursuant to a resolution adopted by the board of directors of such general partner on March 1, 2005, a certified copy of which is annexed hereto after having been acknowledged true and signed for the purpose of identification by said representative in the presence of the undersigned Notary.

(hereinafter the "Grantor")

### WHICH PARTIES HAVE DECLARED AS FOLLOWS:

WHEREAS the Grantor is duly authorized to create and issue Bonds and to secure the same as provided for by this Deed;

WHEREAS the Grantor is desirous of creating, issuing and securing Bonds in the manner hereinafter appearing;

WHEREAS the execution of this Deed and the issue and security of the Bonds in conformity thereof have been duly authorized.

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following terms, wherever used in this Deed, shall, unless there be something in the context inconsistent therewith, have the following meanings:

- 1.1.1 "Administrative Agent" means National Bank of Canada, in its capacity as administrative agent for all the Lenders which may be party to the Credit Agreement and includes any successor in such capacity;
- 1.1.2 "Bonds" means any or all of the bonds, issued from time to time pursuant to this Deed and outstanding hereunder, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time;
- 1.1.3 "Bondholder" or "Holder" means any person in whose name Bonds are registered in the register kept by the Trustee in accordance with the provisions hereof;
- 1.1.4 "Bondholders' Instrument" means at any time a document signed by all the holders of the Bonds at such time outstanding;
- 1.1.5 "Borrower" has the meaning ascribed to it in the Credit Agreement;
- 1.1.6 "Business Day" means a day on which the Trustee's branch is opened for business but does not include a Saturday and a Sunday;
- 1.1.7 "Canadian Dollars" or "Cdn\$" means the legal currency in Canada;
- 1.1.8 "Charged Property" shall have the meaning ascribed to it in Article 4 hereof;
- 1.1.9 "Civil Code" means *Civil Code of Québec*, as amended from time to time;
- 1.1.10 "Credit Agreement" means the credit agreement bearing formal date of March 2<sup>nd</sup>, 2005 among the Grantor, as borrower, 2063149 Ontario Inc., as guarantor, the Lenders named therein and all future Lenders which may become Lender from time to time, National Bank Financial, as Arranger, and National Bank of Canada, as Underwriter and Administrative Agent, as such agreement may be amended, restated, supplemented or otherwise modified from time to time;
- 1.1.11 "Default" means any of the events set out in Article 13 hereof;
- 1.1.12 "General Partner" means 2063149 Ontario Inc., in its capacity as general partner of the Grantor, and includes any successor or permitted assignee in such capacity;
- 1.1.13 "Grantor" means Paintball L.P. and any of its permitted successors or assigns;
- 1.1.14 "Hypothec" shall have the meaning ascribed to it in Article 4 hereof;
- 1.1.15 "Law" shall have the meaning ascribed to it in the Credit Agreement;

- 1.1.16 "Lenders" shall have the meaning ascribed to it in the Credit Agreement;
- 1.1.17 "Property in Stock" shall have the meaning ascribed to it in Section 4.4 hereof;
- 1.1.18 "Secured Obligations" means all of the obligations which are to be secured by the Hypothec pursuant to Article 6 hereof;
- 1.1.19 "This Deed", "these presents", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Deed, and to any deed or document supplemental or complementary hereto or restating this Deed; and
- 1.1.20 "Trustee" means National Bank Trust Inc., the person appointed as *Fondé de pouvoir* for the Bondholders and shall include its successors or assigns appointed in replacement thereof.

## 1.2 Gender and Number

Unless there be something in the context inconsistent therewith, words importing the masculine gender shall include the feminine gender and *vice versa* and words importing the singular number shall include the plural and *vice versa*.

## 1.3 Headings

The division of this Deed into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the meaning or the interpretation of the present Deed. Unless otherwise indicated, a reference to a particular Article, Section, subsection, paragraph or subparagraph is a reference to the particular Article, Section, subsection, paragraph or subparagraph in this Deed.

## 1.4 Benefits of this Deed

The parties hereto and the Bondholders shall be bound by the provisions hereof (including the irrevocable appointment in Article 2 below) and the benefits, rights, remedies or claims under this Deed shall enure to them to the exclusion of any others.

## 1.5 Delays and Calculation of Delays

The delays provided hereunder are calculated simultaneously with the delays imposed by law and are not in addition to such delays. In the calculation of delays, the first day is not included but the last is. When the date on which a delay expires or a payment has to be made or an act has to be done is not a Business Day, the delay expires or the payment must be made or the act must be done on the next following Business Day, unless the context indicates otherwise.

## 1.6 Primacy of Credit Agreement

In the event of any inconsistency, contradiction or conflict between the provisions hereof and the provisions of the Credit Agreement, the provisions of the Credit Agreement shall prevail to the extent of such inconsistency, contradiction or conflict.

## 2. APPOINTMENT OF THE TRUSTEE AS FONDÉ DE POUVOIR

The Grantor hereby appoints National Bank Trust Inc. and National Bank Trust Inc. irrevocably accepts (subject to Section 16.7 hereof), to act as *Fondé de*

*pouvoir* ("person holding the power of attorney") as contemplated in Article 2692 of the Civil Code on behalf of the present and future Bondholders, in order to receive and hold any right, hypothec and security interest created hereby and hereafter created or constituted, as continuing security for the payment of the Bonds.

Any person who becomes a Bondholder shall benefit from the provisions hereof and the appointment of the Trustee as "Fondé de pouvoir" for the Bondholders and, upon becoming a Bondholder, irrevocably authorizes the Trustee to perform such functions.

### 3. CHARACTERISTICS AND ISSUE OF BONDS

#### 3.1 Maximum Amount

The Bonds to be issued from time to time hereunder shall not exceed an aggregate principal nominal value of One Hundred Three Million Seven Hundred Fifty Thousand Canadian Dollars (Cdn.\$103,750,000).

#### 3.2 Bond Certificate

The Bonds shall be substantially in the form set out in Schedule "A" hereof (Section 21.1) with such appropriate additions and variations as shall be required and as shall be determined by the Grantor with the Trustee's approval and the Trustee's certification of any such Bonds shall be conclusive evidence of such approval. The Trustee shall have the right to annotate any certificate representing the Bonds in order to make the reference thereon to any supplement to or modification of these presents. Such annotation shall be binding upon the Grantor and the Bondholders as if forming part of the certificate's original wording.

#### 3.3 Bond Characteristics

The Bonds:

- 3.3.1 shall be issued as fully registered Bonds;
- 3.3.2 may be issued in any denominations of Canadian Dollars;
- 3.3.3 shall be dated the date of issue thereof;
- 3.3.4 shall be payable on demand of the Bondholder or on its behalf;
- 3.3.5 shall be payable at the address indicated on the Bond certificate or at any other address subsequently given by the Bondholder to the Grantor or the Trustee;
- 3.3.6 shall bear interest from their date of issuance until payment, at a rate equal to twenty-five percent (25%) per annum, calculated annually and payable on demand of the Bondholder; all overdue interest shall bear interest at the same rate, calculated daily from its due date until the actual date of payment; the principal of and the interest on the Bonds and any sums which may become payable hereunder or under such Bonds shall be payable in Canadian Dollars;
- 3.3.7 shall be signed by an authorized officer or director of the Grantor or the General Partner, as applicable;

- 3.3.8 shall be issued from time to time after the execution of this Deed, as determined by resolution of the General Partner or of the Grantor, as applicable;
- 3.3.9 shall be certified by the Trustee and delivered by it to or to the order of the Grantor upon receipt by the Trustee of a written delivery order signed by an authorized officer or director of the Grantor or the General Partner, as applicable;
- 3.3.10 shall be issued for such amounts or for such consideration and to such holders and on such terms as may be determined by the Grantor or the General Partner, as applicable; and
- 3.3.11 shall rank equally and be equally and rateably secured notwithstanding the date of their issuance or the date of their certification by the Trustee.

#### 3.4 Certification of Bonds

The certification by the Trustee of any of the Bonds shall be conclusive evidence that the Bonds so certified have been issued as contemplated hereunder. However, such certification shall not be construed as a representation or warranty by the Trustee as to the validity of the security constituted hereunder, of this Deed or of the Bonds.

#### 3.5 Pledge of the Bonds

The Bonds may be hypothecated by the Grantor by way of pledge as security for the performance of any obligation incurred or to be incurred by the Grantor. Subject to Section 3.6 hereof, the holder of any of the Bonds in favour of whom the security constituted thereunder has been granted shall be considered for all purposes hereunder to be a Bondholder and be deemed to be the owner of such Bonds and shall have the right to cause the Trustee to enter its name and address in the Bonds' register hereinafter mentioned. Where such Bonds are redelivered to the Grantor upon payment or satisfaction of such obligations, such Bonds shall be cancelled.

#### 3.6 Bonds' Register

The Grantor shall at all times, while any of the Bonds issued hereunder are outstanding, cause to be kept by the Trustee at its office indicated on the first page of this Deed or at any other address which the Trustee may indicate to the Grantor in writing, a register in which shall be entered the names and addresses of the Bondholders. The entries in such register shall, absent manifest error, be conclusive evidence that the Bondholders therein registered are entitled to the Bonds and to the rights deriving therefrom.

#### 3.7 Transfer of Bonds

The Trustee shall, upon surrender to it of any Bonds that have been transferred, cause to be entered in the aforesaid Bonds' register the name of the transferees as being registered Bondholders and shall remit such Bonds to the transferees or, as the case may be, upon cancellation of the Bonds surrendered to it, deliver new Bonds in lieu and substitution thereof.

#### 3.8 Issue of Bonds

Whenever Bonds are issued and are subsequently returned to the Grantor for cancellation, the Grantor, subject to the provisions hereof, may be entitled to

reissue such Bonds in denominations which, in the aggregate, do not exceed the denominations of the Bonds that were returned for cancellation; the Bonds to be reissued as aforesaid shall be delivered for registration and certification and the Trustee shall, provided it is so requested in a Bondholder's Instrument, register and certify such Bonds.

### 3.9 Mutilation, Loss, Theft or Destruction of Bonds

In case any of the Bonds shall become mutilated or be lost, stolen or destroyed, the Grantor, in its discretion, may issue, and thereupon the Trustee shall certify and deliver, a new Bond upon surrender and cancellation of the mutilated Bond, or in the case of a lost, stolen or destroyed Bond, in lieu of and in substitution for the same, and the substituted Bond shall be in a form approved by the Trustee and be entitled to the benefits of this Deed equally with all other Bonds without preference or priority one over another. In case of loss, theft or destruction, the applicant for a substituted Bond shall furnish the Grantor and the Trustee such evidence of such loss, theft or destruction as shall be satisfactory to them in their discretion, and shall also furnish indemnity satisfactory to them in their discretion and shall pay all expenses incidental to the issuance of such substituted Bond.

### 3.10 Clerical Errors

The Trustee may correct any clerical error in this Deed or in the Bonds.

## 4. HYPOTHEC: DESCRIPTION OF CHARGED PROPERTY

The Grantor hereby hypothecates (with delivery with respect to the property described in Section 4.6) in favour of the Trustee for its own benefit and for the equal and rateable benefit of the Bondholders, the universality of all of the Grantor's movable and immovable assets, corporeal and incorporeal, present and future, of whatever nature and kind and wherever situate (the "Charged Property"), the whole including without limitation the following universalities of present and future properties (the "Hypothec"):

### 4.1 Immovables

All of the Grantor's immovable property, present and future, corporeal and incorporeal, of whatsoever nature and kind and wheresoever situate, including, without limitation:

4.1.1 all the immovable properties of the Grantor described in Schedule "B" hereof (Section 21.2);

4.1.2 all of the immovable properties that the Grantor will acquire in the future as well as all of the rights, title and interest that are immovable in nature and that the Grantor may acquire or receive in the future in connection with any immovable property;

in all cases, along with all property permanently physically attached or joined thereto so as to ensure the utility thereof (including the heating and air conditioning apparatus and watertanks) and all other property which becomes immovable by the effect of Law including by way of accession, and all real rights relating to or attaching to such immovable property (collectively hereinafter referred to as the "Immovables").



#### 4.2 Rentals, Revenues and Leases of Immovables

All rentals, annuities and revenues which are or may be produced by the Immovables as well as any other right of the Grantor in any lease, present and future, which may affect such Immovables.

#### 4.3 Rental Insurance

Proceeds of any insurance covering losses of revenue and rentals described in Section 4.2 above.

#### 4.4 Property in Stock

All property in stock or inventory of every nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including raw materials, work in process, finished goods or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property evidenced by bill of lading, animals, mineral substances, hydrocarbons and other products of the soil as well as all fruits thereof from the time of their extraction (hereinafter the "Property in Stock").

The Property in Stock held by third parties under a lease agreement, a leasing contract, a franchise or licence agreement, or any other agreement entered into with or on behalf of the Grantor, is also subject to the Hypothec.

Property having formed part of the Property in Stock which is alienated by the Grantor in favour of a third person but in respect of which the Grantor has retained title pursuant to a reservation of ownership provision, shall remain charged by the Hypothec until title is transferred; any Property in Stock the ownership of which reverts to the Grantor pursuant to the resolution or resiliation of any agreement or following its repossession is also subject to the Hypothec.

#### 4.5 Claims, Book Debts and Other Movable Property

##### 4.5.1 Claims, Receivables and Book Debts

All of the Grantor's claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible; whether or not evidenced by any title (and whether or not such title is negotiable), notes, acceptances, bills of exchange or drafts; whether litigious or not; whether or not they have been previously or are to be invoiced; whether or not they constitute book debts. Hypothecated claims shall include: (i) indemnities payable to the Grantor under any and all risk insurance policy, any life insurance policy or any liability insurance policy, subject to the rights of other creditors holding hypothecs on the insured property, (ii) the sums owing to the Grantor in connection with interest or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor, and (iii) the Grantor's rights in any credit balances, monies or deposits in accounts held for it by the Trustee (subject to the Trustee's compensation or set-off rights) or by any financial institution or any other person.

##### 4.5.2 Contracts, Permits and Rights of Action

All of the Grantor's rights, title and interest in, to and under the contracts, agreements, deeds, licences, permits and leases, present and future, entered into from time to time by the Grantor or issued in its favour

and all renewals thereof together with the present and continuing right to make a claim thereunder and to enforce or cause the enforcement of all of the said rights, titles and interest of the Grantor.

#### 4.5.3 Accessories

The hypothecs, security interests, security agreements, guarantees, suretyships, notes, acceptances and accessories to the claims and rights described above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under any instalment sale, with respect to the claims hereby hypothecated which are the result of such sale).

#### 4.5.4 Movable Property

All movable property owned by the Grantor and covered by the instalment sales mentioned in subsection 4.5.3 hereof.

A right or a claim shall not be excluded from the Charged Property merely because: (i) the debtor thereof is not domiciled in the Province of Québec or (ii) the debtor thereof is an affiliate (as such term is defined in the *Canada Business Corporations Act*) of the Grantor (regardless of the Law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the ordinary course of business or the operations of the Grantor.

#### 4.6 Securities

All securities (including shares, debentures, partnership or trust units, bonds, obligations, rights, options, warrants, debt securities, investment certificates, units in mutual funds, certificates or other instruments representing such property) now or hereafter owned by the Grantor or held by the Grantor or on its behalf, including without limitation the shares issued or which will be issued by any of the corporations, partnerships or trusts listed in Schedule "C" (Section 21.3) as well as all those which are delivered by the Grantor to the Trustee or to a third party on its behalf from time to time.

#### 4.7 Equipment and Road Vehicles

The equipment, office furniture, appliances, supplies, apparatus, tools, patterns, models, dies, blueprints, fittings, furnishings, fixtures, machinery, rolling stock (including road vehicles) of the Grantor, including additions and accessories and spare parts.

#### 4.8 Trade-Marks and Other Intellectual Property Rights

All of the Grantor's rights in any trade-mark, copyright, industrial design, patent, goodwill, invention, trade name, trade secret, trade process, licence, permit, franchise, know-how, plant breeders' right, integrated circuit topography and in any other intellectual property right, including any application or registration relating thereto if any, improvements and modifications thereto as well as rights in any claim against third parties in connection with the protection of any such intellectual property rights or infringement thereto, in Canada or abroad, including without limitation all intellectual property listed in Schedule "D" (Section 21.4).

#### 4.9 Fruits and Revenues

All cash, profits, proceeds, fruits, dividends, rights and revenues which are or may be produced by or declared or distributed with respect to the Charged

Property or in exchange thereof as well as the proceeds of the Charged Property, including without limitation any property, equipment, negotiable instrument, bill, commercial paper, security, money, compensation for expropriation remitted, given in exchange or paid pursuant to a sale, repurchase, distribution or any other transaction with respect to the Charged Property.

#### 4.10 Records and Other Documents

All present and future records, data, vouchers, invoices and other documents related to the Charged Property described above, including without limitation, computer programs, disks, tapes and other means of electronic communications of the Grantor, as well as the rights of the Grantor to recover such property from third parties, receipts, customer lists, distribution lists, directories and other similar property of the Grantor.

#### 4.11 Replacement Property

Any and all Charged Property which is acquired, transformed or manufactured after the date of this Deed shall be charged by the Hypothec, (i) whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, (ii) whether or not such property results from a transformation, mixture or combination of any Charged Property, and (iii) in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Trustee being required to register or re-register any notice whatsoever, the property charged under the Hypothec being the universality of the Grantor's present and future movable and immovable property.

### 5. AMOUNT OF THE HYPOTHEC

The amount for which the Hypothec is granted is a principal amount of One Hundred and Three Million Seven Hundred Fifty Thousand Canadian Dollars (Cdn.\$103,750,000) with interest thereon from the date of this Deed at the rate of twenty-five percent (25%) per annum.

### 6. SECURED OBLIGATIONS

The Hypothec shall secure payment of the Bonds in principal and interest.

The Hypothec further secures the payment of all sums due or to become due pursuant to this Deed and the performance of all obligations provided for under this Deed.

Any future obligation hereby secured shall be deemed to be one in respect of which the Grantor has once again obligated itself hereunder according to the provisions of Article 2797 of the Civil Code.

### 7. ADDITIONAL PROVISIONS PERTAINING TO THE HYPOTHEC ON RENTAL INCOME AND LEASES

With respect to any Immovables generating rentals and revenues:

#### 7.1 Rents, Annuities and Revenues Collection

The Trustee hereby authorizes the Grantor to collect all rents, annuities and revenues which are rental income; however, the Grantor shall not collect in advance more than one month of rent nor shall it renounce to the payment of more than one

month of rent. Upon the occurrence and continuance of a Default, such authorization may be revoked by the Trustee in accordance with what is provided for by Law; in such a case, the Trustee may exercise as it deems appropriate, to the exclusion of the Grantor, all rights, claims, privileges and hypothecs (legal or conventional) of the Grantor in order to maintain, renew, grant or terminate any lease, and to further protect or collect rents, annuities and revenues from the Immovables.

#### 7.2 Pursuits

The Trustee shall have the right to bring an action for recovery of rentals provided the Trustee impleads the Grantor, it being understood that the Trustee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals. The Trustee shall have the right to deduct a ten per cent (10%) collection fee from any rentals collected as well as any commission usually charged by the Trustee for the collection of rentals, miscellaneous costs and expenses (copies, service fees, legal counsel fees and others, opening files, surveillance fees, execution fees or fees for cancellation of lease) incurred as a result of such collection.

### 8. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON CLAIMS (OTHER THAN RENTALS)

#### 8.1 Authorization to Recover

Save and except for insurance and expropriation claims, the Trustee hereby authorizes the Grantor to recover all claims and other Charged Property referred to in Section 4.5 (collectively, the "Hypothecated Claims"). However, upon the occurrence and continuance of a Default, such authorization may be revoked at any time by the Trustee by written notice with respect to all or any part of the Hypothecated Claims, whereupon the Trustee shall be free to itself effect such recovery and to exercise any of the rights referred to in Section 8.2 below; the Grantor shall then remit to the Trustee all records, books, invoices, bills, contracts, titles, papers and other documents related to the Hypothecated Claims. If, after such authorization is revoked (and even if such revocation is not yet registered or delivered to the holders of such claims), sums payable under such Hypothecated Claims and property are paid to the Grantor, it shall receive same as mandatary of the Trustee and shall remit same to the Trustee promptly without the necessity of any demand to this effect.

#### 8.2 Recovery

The Trustee may, upon the occurrence and continuance of a Default, recover all Hypothecated Claims in accordance with what is provided for by Law; it may further exercise any rights regarding such Hypothecated Claims and more particularly, it may grant or refuse any consent which may be required from the Grantor in its capacity as owner of such Hypothecated Claims, and shall not, in the exercise of such right, be required to obtain the consent of the Grantor or serve the Grantor any notice thereof, nor shall it be under any obligation to establish that the Grantor has refused or neglected to exercise such rights, and it may further grant delays, take or abandon any security, make arrangements with debtors of any Hypothecated Claims, make compromises, grant releases and generally deal at its discretion with matters concerning all Hypothecated Claims without the intervention or consent of the Grantor.

**9. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES**

The Trustee may, upon the occurrence and continuance of a Default, transfer any securities or any part thereof into its own name or that of a third party appointed by it so that, the Trustee or its nominee(s) may appear as the sole registered holder thereof, in which case:

**9.1 Voting Rights**

All voting rights and any other right attached to such securities may be exercised by the Trustee (without any obligation of the Trustee to do so) or on behalf of the Trustee.

**9.2 Revenues, Dividends and Others**

The Trustee shall collect revenues, dividends and capital distributions and the Grantor shall cease to have any right thereto and the Trustee may either hold same as Charged Property or apply them in reduction of the Secured Obligations.

**9.3 Proxy**

The Trustee may give the Grantor a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to such securities.

For the purpose of this Article 9, the Grantor hereby irrevocably appoints any officer or employee of the Trustee as its attorney with full power of substitution and authority to execute such documents necessary to render effective the rights granted to the Trustee pursuant to this Article 9.

**10. ASSIGNMENT OF CLAIMS SUBJECT TO THE FINANCIAL ADMINISTRATION ACT**

The Grantor hereby assigns to the Trustee by way of absolute assignment all its present and future claims which are subject to Sections 67 and 68 of the *Financial Administration Act* (Canada) or analogous legislation, as collateral and continuing security for the performance of all Secured Obligations. The Trustee may, at any time, fulfill any of the formalities required by Law to make such transfer enforceable.

**11. REPRESENTATIONS AND WARRANTIES**

The Grantor hereby represents and warrants that:

**11.1 Shareholders' Agreement**

There exists no shareholders' or other agreement in connection with securities (including shares, debentures, units, bonds, obligations, rights, options, warrants, debt securities, investment certificates, units in mutual funds, certificates or other instruments representing such property) which are charged under this Deed. There is no restriction in the articles or other constating documents of the issuer of such securities regarding the assignment or transfer thereof other than the restrictions pertaining to a publicly traded corporation pursuant to the applicable Laws thereto and those declared in writing to the Trustee.

**11.2 Disposition of Charged Property**

Except for property referred to in Section 4.4 hereinabove, it does not, in the ordinary course of its business, sell property similar to or of the same nature as the Charged Property.

**11.3 Claims subject to the *Financial Administration Act***

It has no claim of substantial value falling under Article 10 hereof other than those indicated in Schedule "E" hereof (Section 21.5).

**11.4 Claims secured by Registered Hypothec**

It has no claim which is secured by registered hypothec other than those indicated in Schedule "F" hereof (Section 21.6).

**11.5 Other Undertaking**

It is not part to any undertaking having the effect of affecting unfavourably the value of any of the Charged Property.

**11.6 Compliance of Immovables**

All Immovables fully comply with all applicable Laws, regulations, by-laws and other measures taken under the authority of such legislation.

**11.7 Default**

It is not in default under the present Deed.

**12. COVENANTS**

The Grantor hereby covenants:

**12.1 Information**

To give notice in writing to the Trustee:

12.1.1 of any change whatsoever in the representations and warranties hereinabove mentioned in Article 11;

12.1.2 of the name of any surety (guarantor) which may have guaranteed the payment of claims hypothecated hereby and other Charged Property mentioned in Section 4.5 hereof;

12.1.3 of the name of the insurers under the insurance contracts referred to herein;

12.1.4 of the existence of any security, hypothec, prior claims or property right retained or assigned securing claims and other Charged Property referred to in Section 4.5 hereof and, in such cases, to provide the Trustee, upon demand, with satisfactory proof that such security or hypothec has been registered or published in accordance with applicable Law in order for the rights of the Trustee to be set up against third persons;

12.1.5 of the existence and details of any new claim falling under Article 10 hereof.

#### 12.2 Title

To ensure that its right of ownership in any Charged Property in the hands or possession of any third party remains enforceable against third parties and, accordingly, that such right has been registered or published, if registration or publication is required by Law for the purpose of enforcement against third parties.

#### 12.3 Preservation of the Hypothec

To perform all acts and execute all deeds and documents (including notices or renewal) necessary to give full effect to the Hypothec and to ensure that it is at all times fully opposable to third parties.

#### 12.4 Additional Information

To provide the Trustee with any information with respect to the Charged Property as it may reasonably request in order to determine whether or not the Grantor complies with the provisions hereof within fifteen (15) days of such request.

#### 12.5 Compensation, Fees and Expenses

To pay all costs and expenses relating to this Deed and to the exercise of all rights resulting in favour of the Trustee from such Deed as well as all costs and expenses incurred to set up the rights of the Trustee against third persons, and all discharge fees (such costs and expenses shall include all fees and expenses of consultants, mandataries or counsel retained for any appraisal required in connection with the sale of an enterprise or in case of default, as well as administrative fees and, as the case may be, a ten per cent (10%) collection charge of the amount recovered in connection with the hypothecated claims); to reimburse the Trustee for all costs and expenses incurred by it for the purpose of carrying out the Grantor's obligations or of exercising its rights, all such costs and expenses bearing interest at an annual rate equal to the prime rate of the Administrative Agent which shall be in force from time to time, plus 3%; the Administrative Agent's prime rate shall be the one advertised as its rate of reference for determining the interest rate on loans in Canadian Dollars granted in Canada; the repayment of such costs and expenses shall be secured by the Hypothec.

#### 12.6 Public Utilities

The Grantor shall diligently pay the cost of any public utility services and authorizes the Trustee to obtain from the related authorities the amounts due to this account and any information relating to payment of such charges.

#### 12.7 Securities

To deliver to the Trustee on the date of issuance of the Bonds under this Deed duly endorsed certificates representing the securities described under Section 4.6 hereof and promptly all certificates representing future securities held by the Grantor along with stock transfer forms.

#### 13. EVENTS OF DEFAULT

The Grantor shall be in default hereunder without notice or other formality if it fails to pay the Bonds, in principal or interest, upon demand or if there occurs an Event of Default under the Credit Agreement (each, a "Default").

#### 14. TRUSTEE'S RECOURSES IN CASE OF DEFAULT

##### 14.1 Exercise of Rights

In case of a Default, the Trustee shall, upon receipt of a Bondholders' Instrument, by notice in writing to the Grantor, demand payment of the principal of and interest on all Bonds then outstanding and other moneys secured hereby or owing by the Grantor hereunder and the same shall forthwith be and become immediately due and payable by the Grantor to the Trustee and the Grantor shall forthwith pay to the Trustee for the benefit of the Bondholders all such principal, interest and other moneys. Any such payment then made by the Grantor shall be deemed to have been made in discharge of its obligations hereunder or under the Bonds, and any monies so received by the Trustee shall be applied in the same manner as if they were proceeds of realization of the Charged Property.

In case of a Default and the Grantor shall have failed to pay the Trustee, on demand, the principal of and interest on all Bonds outstanding together with any other amounts secured hereby or owing by the Grantor hereunder, the Trustee may, upon receipt of a Bondholders' Instrument, proceed to realize the security created by this Deed and to exercise any right, recourse or remedy of the Trustee and of the Bondholders under this Deed or provided for by Law, including without limitation any of the hypothecary rights and recourses provided for under the Civil Code.

No holder of Bonds shall have any right to institute any action or proceeding or to exercise any other remedy authorized by this Deed or by Law for the purpose of enforcing payment of principal or interest or of realizing any security, other than in accordance with the terms hereof, unless a Bondholders' Instrument shall have been tendered to the Trustee and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, any Bondholder acting on behalf of itself and all other Bondholders shall be entitled to take proceedings such as the Trustee might have taken pursuant to the Bondholders' Instrument, for the equal benefit of all Bondholders.

##### 14.2 Rights of the Trustee

Whatever hypothecary rights the Trustee elects to exercise, the following provisions shall apply:

14.2.1 the Trustee may, in its discretion, at the Grantor's expense:

14.2.1.1 pursue the transformation of the Charged Property or any work in process or unfinished goods comprised in the Charged Property and complete the manufacture or processing thereof or proceed with any operations to which such property is submitted by the Grantor in the ordinary course of its business and acquire property for such purposes;

14.2.1.2 alienate or dispose of any Charged Property which may be obsolete, may perish or is likely to depreciate rapidly;

14.2.1.3 use for its benefit all information obtained while exercising its rights;

14.2.1.4 perform any of the Grantor's obligations or covenants hereunder;

14.2.1.5 exercise any right attached to the Charged Property on such conditions and in such manner as it may determine, acting reasonably, including without restriction the granting of licences whether general or special on an exclusive or non exclusive basis, of any intellectual property charged hereunder;



- 14.2.1.6 for the exercise of any of its rights, utilize without charge the Grantor's plant, equipment, machinery, process, informations, records, computer programs and intellectual property;
- 14.2.1.7 borrow monies or lend monies and, in such cases, the monies borrowed or lent by the Trustee shall bear interest at the rate then obtained or charged by the Trustee for such borrowing or loan; these monies shall be reimbursed by the Grantor on demand and, until they have been repaid in full, such monies and interest thereon shall be secured by the present Hypothec and be paid in priority to any other sums secured hereunder;
- 14.2.1.8 maintain or repair, restore or renovate, begin or complete any construction work on or related to the Charged Property;
- 14.2.2 the Trustee shall exercise its rights in good faith in order to attempt to reduce the Secured Obligations, in a reasonable manner, taking into account all circumstances;
- 14.2.3 the Trustee may, directly or indirectly, purchase or otherwise acquire the Charged Property;
- 14.2.4 the Trustee, when exercising its rights, may waive any right of the Grantor, with or without consideration therefor;
- 14.2.5 the Trustee shall have no obligation to make an inventory of the Charged Property, to take out any kind of insurance with respect thereto or to grant any security whatsoever;
- 14.2.6 the Trustee shall not be bound to continue to carry on the Grantor's enterprise or to make any productive use of the Charged Property or to maintain such property in operating condition;
- 14.2.7 the Grantor shall, upon request of the Trustee, move the Charged Property and render it available to the Trustee unto premises designated by the Trustee and which, in its opinion, shall be more suitable in the circumstances.

#### 14.3 Grantor's Remedy

If the Grantor remedies the Default mentioned in the prior notice of exercise of hypothecary rights, the Grantor shall, as required by Law, pay all reasonable fees incurred by the Trustee by reason of the Default; these fees shall include without limitation the administrative fees of the Trustee, the legal fees of its legal advisers and fees paid to experts.

#### 14.4 Taking in Payment

If the Trustee elects to exercise its right to take in payment the Charged Property and the Grantor requires that the Trustee instead sell, by itself or under judicial authority, the Charged Property on which such right is exercised, the Grantor hereby acknowledges that the Trustee shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allocated for surrender, the Trustee (i) has been granted a security satisfactory to it, to ensure that the proceeds of the sale of the Charged Property will be sufficient to pay the Secured Obligations in full, (ii) has been reimbursed for all reasonable costs and expenses incurred in connection with this Deed, including all fees of consultants and legal counsel and (iii) has been advanced the necessary sums for the sale of said

Charged Property; the Grantor further acknowledges that the Trustee alone is entitled to select the type of sale it may wish to conduct or have conducted.

#### 14.5 Surrender of Charged Property

Upon notice by the Trustee declaring due and payable the principal of and interest on the Bonds and all other moneys secured hereby or owing by the Grantor hereunder, the Grantor shall surrender the Charged Property to the Trustee. The Grantor will be deemed to have surrendered the Charged Property which is in the possession of the Trustee, or of a third party on its behalf, if the Trustee has not, within the delays determined by Law or by a tribunal to surrender, received written notice from the Grantor to the effect that it intends to contest the exercise of the hypothecary recourse set forth in the prior notice.

#### 14.6 Evaluation

Where the Trustee sells the Charged Property itself, it shall not be required to obtain any prior evaluation by a third party.

#### 14.7 Sale of Charged Property

The Trustee may elect to sell the Charged Property after giving such prior notices as may be required by Law; the sale may be made with legal warranty given by the Grantor or with complete or partial exclusion of such warranty; the sale may also be made for cash or with a term or under such reasonable conditions as are determined by the Trustee; upon failure of payment of the purchase price, the Trustee may resiliate or resolve such sale and such Charged Property may then be resold.

#### 14.8 Use of Premises

In order to exercise any of its rights, the Trustee may use the premises located in the Immovables.

#### 14.9 Several Creditors

Where several creditors are involved, the parties hereto waive the application of Articles 1332 to 1338 inclusively of the Civil Code.

#### 14.10 Appointment of Agent

The Trustee may appoint an agent or a receiver and manager (collectively a "Receiver") over all or any portion of the Charged Property by written instrument in accordance with Section 14.11 or may apply to a court for the appointment of a Receiver to take possession of all or such part of the Charged Property as the Trustee shall designate, with such duties, powers and obligations as the court making the appointment shall confer, and the Grantor hereby irrevocably consents to the appointment of such Receiver.

#### 14.11 Appointment of Receiver

The Trustee may with or without taking possession, by instrument executed by the Trustee, appoint a Receiver of all or any part of the Charged Property and of the rents, income and profits therefrom and may from time to time by similar instrument remove any Receiver and appoint another in its place and upon the appointment of any such Receiver from time to time the following provisions shall apply:

- 14.11.1 every such Receiver shall be vested with all of the rights, powers, remedies and discretions of the Trustee set forth in subsections 14.2.1.1 to 14.2.1.8 inclusively, including, without limitation, the power to sell, for cash or credit or part cash and part credit, lease or dispose of all or any part of the Charged Property, whether by public auction or by private sale or lease in such manner and on such terms as it may determine in its absolute discretion acting reasonably and to do all acts, exercise all discretions and make all determinations of the Trustee described therein;
- 14.11.2 every such Receiver shall have the power to borrow money on the security of the Charged Property in priority to the security created by this Deed for the purpose of the preservation, maintenance, completion or protection of the Charged Property or any part thereof or for making any replacements thereof or improvements and additions thereto or for carrying on all or any part of the business of the Grantor relating to the Charged Property, and in so doing the Receiver may issue certificates designated as "Receiver's Certificates" which may be payable either to order or to bearer and may be payable at such time or times as the Receiver may think expedient and shall bear interest at such rates of interest as the Receiver may consider reasonable, and the amounts from time to time payable pursuant to such Receiver's Certificates shall form a charge upon the Charged Property in priority to the security created by this Deed;
- 14.11.3 the Trustee may from time to time fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the receipts derived from or comprising part of the Charged Property or the proceeds thereof;
- 14.11.4 every such Receiver shall be deemed to be an agent of the Grantor and not of the Trustee for the purposes of:
- 14.11.4.1 carrying on and managing the business and affairs of the Grantor, and
- 14.11.4.2 establishing liability for all of the acts or omissions of the Receiver while acting as such and the Trustee shall not be in any way responsible for any acts or omissions on the part of any such Receiver, its officers, employees and agents,
- the Grantor hereby irrevocably authorizing the Trustee to give instructions to the Receiver relating to the performance of its powers and discretions as set out herein;
- 14.11.5 the appointment of every such Receiver by the Trustee or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Trustee a mortgagee in possession in respect of the Charged Property or any part thereof;
- 14.11.6 no such Receiver shall be liable to the Grantor to account for monies other than monies actually received by such Receiver in respect of the Charged Property and every such Receiver shall apply such monies so received in the manner provided in Section 14.12; and
- 14.11.7 the Trustee may at any time and from time to time terminate any such receivership by notice in writing executed by the Trustee to any such Receiver.

#### 14.12 Imputation of Payments

Except as herein otherwise expressly provided, all monies arising from any sale or realization of the Charged Property, in whole or in part, whether under any sale by the Trustee or by judicial process or otherwise, shall be applied, together with any other monies then in the hands of the Trustee and available for such purpose, in the first place to pay or reimburse the Trustee's fees, charges, expenses, borrowing, advances and all other monies provided or obtained by it or at its request in or about the execution of its powers and rights with respect to these presents, with interest thereon as herein provided, and, secondly, the residue of the said monies shall be applied on account of the Secured Obligations or, at the option of the Trustee, may be held unappropriated in a collateral account in order to provide for payment of any charge ranking prior to the Hypothec. The Grantor shall only be credited with amounts received by the Trustee in cash from the possession, sale, lease or other disposition of, or realization upon, the Charged Property as and when such cash is received.

#### 14.13 Liability of Grantor

Except if the right of taking in payment is exercised, the Grantor shall remain liable to the Trustee for any deficiency remaining after the application of the proceeds of any sale, lease or disposition of the Charged Property by the Trustee.

### 15. GENERAL PROVISIONS

#### 15.1 Additional Security

The Hypothec is in addition to and not in substitution of or in replacement for any other hypothec or security held or which may hereafter be held by the Trustee and shall not affect the Trustee's rights of compensation and set-off.

#### 15.2 Investments

The Trustee may, at its entire discretion, invest any monies or instruments received or held by it pursuant to this Deed or deposit them in an interest bearing account without having to comply with any legal provisions concerning the investment of property of others.

#### 15.3 Set-off

Provided the Secured Obligations are due and exigible or that the Trustee is entitled to declare them owing and exigible, the Trustee may compensate and set-off any Secured Obligations with any and all amounts then owed to the Grantor by the Trustee in any capacity, whether such amount be exigible or not, and the Trustee shall then be deemed to have exercised such right to compensate and set-off as at the time the decision was taken by it even though the appropriate entries have not yet been made in its records.

#### 15.4 Imputation of Payments

The Trustee may, in its entire discretion, reasonably impute and apply any amounts collected in the exercise of its rights or received by the Trustee prior to or after any Default in any manner as it may choose without having to comply with any provisions of the Civil Code concerning the imputation of payments.

#### 15.5 Delays

The Trustee may grant delays, take any security or renounce thereto, accept compromises, grant quittances and releases and generally deal, in its entire discretion, with any matters related to the Charged Property, the whole without limiting the rights of the Trustee and without limiting the liability of the Grantor.

#### 15.6 Continuing Security

The Hypothec shall be continuing security and shall remain in full force and effect despite the repayment from time to time of the whole or of any part of the obligations secured hereunder or as a result of receipt of any insurance indemnities arising from the loss or damage to any of the Charged Property or by reason of the collection of any claims hypothecated hereunder; it shall remain in full force until the execution of a final release and discharge by the Trustee, with the consent of the Bondholders by Bondholders' Instrument should any Bonds then be outstanding.

#### 15.7 Time of Essence

The Grantor shall be deemed "*en demeure*" by the mere lapse of time provided for the Grantor to perform its obligations or the expiry of any term therefore, without the Trustee being obliged to serve any notice or prior notice upon the Grantor.

#### 15.8 Cumulative Rights

The rights and recourses of the Trustee hereunder are cumulative and do not exclude any other rights and recourses which the Trustee might have. No omission or delay on the part of the Trustee in the exercise of any right shall have the effect of operating as a waiver of such right. The partial or sole exercise of a right or power will not prevent the Trustee from exercising thereafter any other right or power. The Trustee may exercise its rights hereunder without any obligation to exercise any right against any other person liable for payment of the Secured Obligations and without having to enforce any other security granted with respect to the Secured Obligations.

#### 15.9 Irrevocable Power of Attorney

The Trustee is hereby designated as the irrevocable attorney of the Grantor with full powers of substitution for the purposes hereof or for the purpose of carrying out any and all acts and executing any and all deeds, proxies or other documents which the Trustee may deem useful, upon the occurrence or continuance of a Default in order to exercise its rights or which the Grantor neglects or refuses to execute or to carry out.

#### 15.10 Grantor to Execute Confirmatory Deeds

In case of any sale under the provisions of this Deed or at Law, whether by the Trustee or under judicial proceedings, the Grantor agrees that it will execute and deliver to the purchaser on demand any instrument reasonably necessary to confirm to the purchaser the title of the property so sold and, in case of any such sale, the Trustee is hereby irrevocably authorized by the Grantor to execute, on its behalf and in its name, any such confirmatory instrument.

#### 15.11 Performance

The Trustee may, at its entire discretion, perform any of the Grantor's obligations under this Deed, should the Grantor fail timely to do so. It may then

immediately request payment of any expense incurred in doing so, including interest at the rate provided for in Section 12.5 above, and such repayment is secured by the Hypothec.

**15.12 Delegation**

The Trustee may, at its entire discretion, appoint any person for the purpose of exercising any of its rights, actions or the performance of any covenant resulting from this Deed or from Law; in such case, the Trustee may supply such person with any information it holds relating to the Grantor or to the Charged Property.

**15.13 Title Deeds**

All titles of ownership, land surveys, certificates of location and other documents related to the Immovables shall upon request be remitted to the Trustee who is entitled to keep them until a final release and discharge of the Hypothec is obtained.

**15.14 Waiver**

Where the Grantor has taken an Immovable in payment for an hypothecated claim ranking prior to the Hypothec, the Grantor waives its right to take advantage of the provisions of Article 2771 of the Civil Code.

**15.15 Solidary Liability**

Where several Grantors have signed the present Deed or further become liable for the obligations of the Grantor, each such person shall be solidarily (jointly and severally) liable toward the Trustee for the performance of all the Secured Obligations. "Solidary" means that each such person is liable individually for the whole amount due.

**15.16 Liability**

The Trustee shall not be liable for material injuries or damages resulting from its fault, or the fault of its agents, officers, consultants, unless such fault is gross or intentional.

**15.17 Successors**

The rights hereby conferred upon the Trustee shall benefit all its successors, including any entity resulting from the merger of the Trustee with any other person or persons.

**15.18 Severance**

In the event that any provision of this Deed is declared null and void or is deemed not to have been written, the other provisions of this Deed shall be severable from such provision and shall continue to have full force and effect.

**15.19 Notices**

Any notice to the Grantor shall be delivered to its address set out hereinafter or to any other address in Canada of which the Trustee has been given written notice; any notice to the Trustee shall be delivered to the Trustee's branch located at the address set out hereinafter:

15.19.1 NATIONAL BANK TRUST INC.

1100 University Street  
Suite 900  
Montréal, Québec  
H3B 2G7

Attention: Corporate Trust Service

Telecopier: (514) 871-7434

15.19.2 PAINTBALL L.P.

c/o Imperial Capital Corporation  
1 First Canadian Place  
100 King Street West  
Suite 5102  
P.O. Box 438  
Toronto, Ontario  
M5X 1E3

Attention: Managing Partner

Telecopier: (416) 362-8660

15.20 Receipt of Notice

A notice given hereunder shall be deemed to have been received by the other party on the date of its delivery, when delivered on a Business Day, or on the third (3rd) Business Day after it has been mailed, if sent prepaid by certified or registered mail, or the day of its transmission, if transmitted by facsimile on or before 3:00 p.m. on a Business Day or on the Business Day next to the day of transmission if transmitted by facsimile after 3:00 p.m.

15.21 Trust Provisions

Notwithstanding the references herein or in any Bond to National Bank Trust Inc. (or its successor hereunder, if any) as a Trustee or to it acting as a trustee, no trust within the meaning of Chapter II of Title Six of Book Four of the Civil Code is intended to be or is created or constituted hereby. In addition, the provisions of Title Seven of Book Four of the Civil Code shall not apply to any administration by the Trustee hereunder.

15.22 Holding of Securities

The Grantor hereby agrees that any Charged Property physically delivered to the Trustee may be held through a third person. The parties hereto hereby agree and give instruction and mandate to National Bank of Canada, as administrative agent under the Credit Agreement, to hold the securities delivered by the Grantor pursuant to the terms hereof for and on behalf of the Trustee.

16. CONCERNING THE TRUSTEE

16.1 Acceptance of Holder

Each Holder, by its acceptance of a Bond:

- 16.1.1 acknowledges that the first issue of a Bond has been or may be purchased from the Grantor by the Trustee, by underwriting, purchase, subscription or otherwise;

16.1.2 consents to and confirms the appointment of the Trustee as "Fondé de pouvoir" and ratifies as of the date it becomes a Bondholder all actions taken by the Trustee as the "Fondé de pouvoir" of the Bondholders; and

16.1.3 waives any right it may have under Section 32 of the *Act respecting the special powers of legal persons* (Québec).

#### 16.2 Good Faith

The Trustee shall act honestly and in good faith with a view to the best interests of the Bondholders and with prudence and diligence and the Trustee shall only be accountable for reasonable diligence and prudence in the management of the rights hereof, and shall only be liable for its own gross or intentional fault.

#### 16.3 Discretion

The Trustee, except as herein otherwise provided and subject to any Bondholders' Instrument, shall, with respect to all rights, powers and authorities 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, it shall be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

#### 16.4 Enforcement of Security

The Trustee shall have the rights in its discretion to proceed in its name as *Fondé de pouvoir* hereunder to the enforcement of the security hereby constituted by any remedy provided by Law, whether by legal proceedings or otherwise but it shall not be bound to do or to take any act or action in virtue of the powers conferred on it by these presents unless and until it shall have been required to do so by way of a Bondholders' Instrument; the Trustee shall not be responsible or liable, otherwise than as a *Fondé de pouvoir*, for any debts contracted by it, for damages to persons or property or for salaries or non-fulfillment of contracts during any period for which the Trustee managed the Charged Property upon entry, as herein provided, nor shall the Trustee be liable to account for anything except actual revenues or be liable for any loss on realization or for any default or omission unless same is the result of its own gross negligence or wilful misconduct; the obligation of the Trustee to commence or continue any act, action or proceeding under this Deed shall, at the option of the Trustee, be conditional upon the Bondholders furnishing, when required, sufficient funds to commence or continue such action or proceeding and indemnity reasonably satisfactory to the Trustee.

#### 16.5 Protection of Trustee

The Trustee shall be obliged to act and shall be fully protected in acting pursuant to a Bondholders' Instrument in connection with any proceedings, act, power, right, matter or thing relating to or conferred by or to be done under this Deed.

#### 16.6 Possession or Production of the Bonds

All rights of action under this Deed may be enforced by the Trustee without the possession of the Bonds hereby secured or the production thereof.



#### 16.7 Resignation of Trustee

The Trustee may at any time resign from office upon thirty (30) days prior notice in writing given to the Grantor and to the Bondholders or upon such shorter delay as may be accepted by the Bondholders in a Bondholders' Instrument. The Bondholders may then or at any time thereafter appoint a new *Fondé de pouvoir* confirming such appointment by Bondholders' Instrument, which the Grantor hereby undertakes to accept, in the place of the *Fondé de pouvoir* so resigning. The new *Fondé de pouvoir* without further act shall then be vested and have all rights, powers and authorities granted to the Trustee hereunder and be subject in all respects to the terms, conditions and provisions hereof to the same extent as if originally acting as *Fondé de pouvoir* hereunder; no resignation shall come into effect before a new *Fondé de pouvoir* has been appointed and has accepted its appointment.

#### 16.8 Indemnification of Trustee

The Grantor shall indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance of its duties and obligations hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

#### 16.9 Remuneration and Compensation

The Grantor hereby covenants and agrees to pay to the Trustee its fee for its services as *fondé de pouvoir* hereunder in accordance with the tariffs and terms applied by the Trustee, the Grantor acknowledging that it has been informed of such tariffs and terms presently in effect, and shall, upon demand, reimburse all amounts which may have been paid by the Trustee for any expenses whatsoever reasonably incurred by the Trustee in execution of the rights hereby created or in the course of such execution.

#### 16.10 Death or Bankruptcy of Bondholder

Neither the death, loss of legal existence nor bankruptcy of a Bondholder shall terminate the Trustee's rights, powers, trusts or duties hereunder with respect to the Bonds held by such Bondholder which shall continue to apply in favour of the holder or holders who have acquired such Bonds from such deceased or bankrupt Bondholder.

#### 16.11 Bankruptcy of Trustee

The bankruptcy of the Trustee shall not terminate its rights, powers, trusts and duties hereunder provided that such rights, powers, trusts and duties are assumed by a successor trustee appointed in accordance with the provisions hereof.

#### 17. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the Laws of the Province of Québec, including the rules relating to conflicts of Laws provided for thereunder and the laws of Canada applicable therein.

#### 18. AMENDMENTS

No amendment may be made to this Deed unless signed by the parties hereto, the Trustee acting pursuant to a Bondholder's Instrument.

19. SUCCESSORS AND ASSIGNS

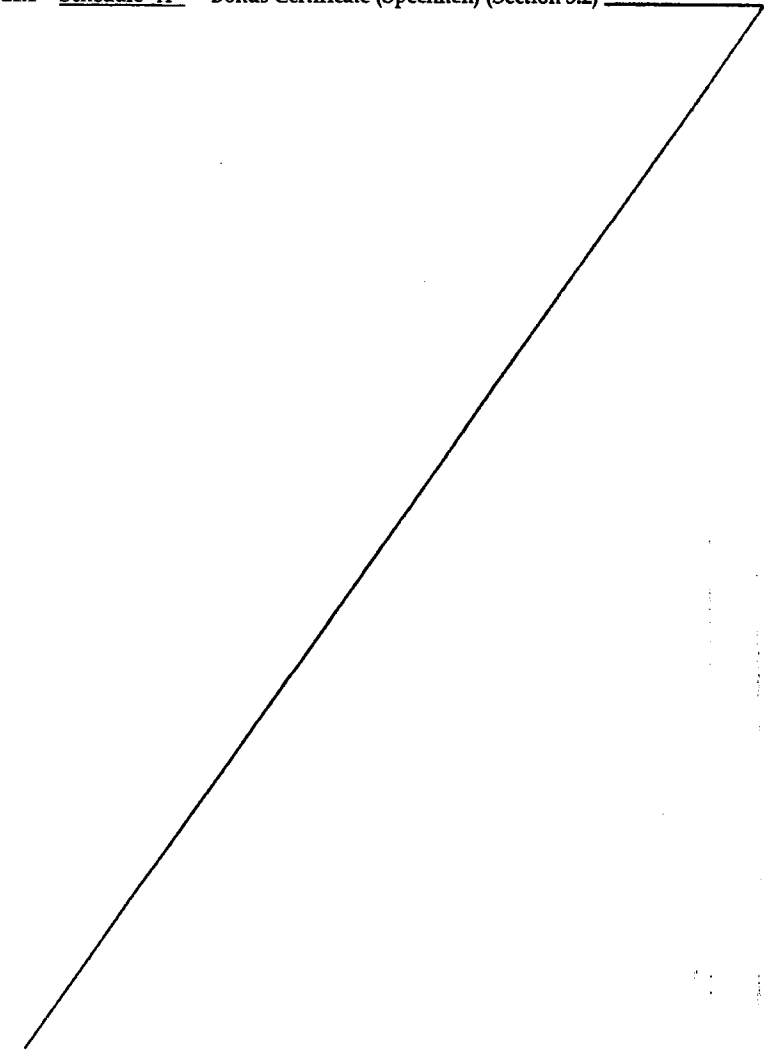
This Deed shall be binding upon each of the Trustee and the Grantor, their successors and assigns.

20. ENGLISH LANGUAGE

The parties hereto expressly request and require that this Deed and all deeds, documents or instruments supplemental or ancillary hereto be drafted in English. *Les parties aux présentes conviennent et exigent que cette convention ainsi que tous les documents qui s'y rattachent soient rédigés en anglais.*

21. SCHEDULES

21.1 Schedule "A" – Bonds Certificate (Specimen) (Section 3.2)



Bonds Certificate (Specimen)

CANADA

PROVINCE OF QUÉBEC

PAINTBALL L.P.  
(Limited Partnership under the Laws of Ontario)

BOND

No 1-xx

Cdn\$●

PAINTBALL L.P. (hereinafter called "Paintball"), for value received, promises to pay on demand to NATIONAL BANK OF CANADA, in its capacity as Administrative Agent (the "Administrative Agent"), or its registered assigns, at 1155 Metcalfe Street, 5th Floor, Montreal, Québec, H3B 4S9 upon presentation and surrender thereof of this Certificate, the sum of ● Canadian Dollars (Cdn\$●) and to pay interest thereon on demand, from the date hereof until the actual date of payment, at the same address and in like money, at a rate equal to twenty-five percent (25%) per annum, calculated annually, plus interest on all overdue interest, calculated daily at the same rate, from its due date until the actual date of payment.

The Bond represented by this Certificate is issued under a Deed of Hypothec and Issue of Bonds dated March ●, 2005, among NATIONAL BANK TRUST INC., as *Fondé de pouvoir* for the Bondholders for all purposes of Article 2692 of the Civil Code of Québec (the "Trustee") and Paintball, as same may be amended, restated, supplemented or otherwise modified from time to time (the "Deed of Hypothec"); reference is hereby made to the Deed of Hypothec and to any deed supplemental thereto, as the case may be, for the terms and conditions upon and subject to which the Bond represented by this Certificate is issued and held and for the nature and extent of the security thereof.

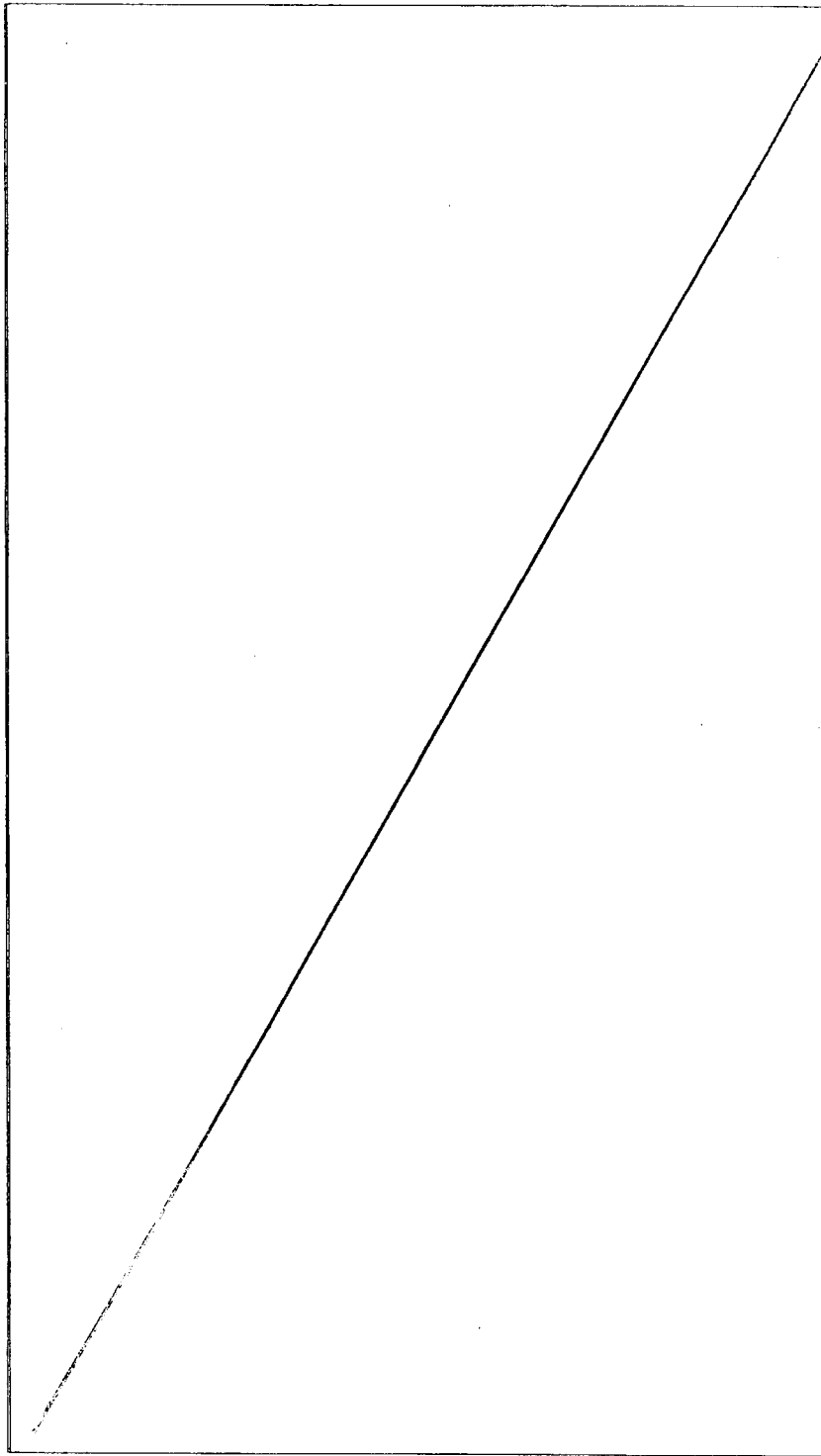
The total principal nominal value of Bonds authorized to be issued under the Deed of Hypothec from time to time is limited to ● Canadian Dollars (Cdn\$●). All Bonds at any time outstanding under the Deed of Hypothec rank *pari passu* and are equally and ratably secured.

The Bond represented by this Certificate is subject to the terms and conditions of the Deed of Hypothec to all of which the holder of this Certificate by his acceptance hereof assents, shall be hypothecated pursuant to a hypothec on bonds to be executed as of the date hereof by Paintball and the Administrative Agent and is governed by the Laws of the Province of Québec.

The Bond represented by this Certificate shall be certified by the *Fondé de pouvoir* for the time being under the Deed of Hypothec.

This Bond may be transferred by the Administrative Agent only to a successor administrative agent appointed under and in accordance with the provisions of the Credit Agreement.

Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Deed of Hypothec.







IN WITNESS WHEREOF, PAINTBALL L.P., has caused the Bond represented by this Certificate to be signed by an authorized representative of its General Partner, 2063149 ONTARIO INC., and to be dated the ( ) day of ( ) Two Thousand and Five (2005).

PAINTBALL L.P.,  
by its General Partner,  
2063149 Ontario Inc.

by: \_\_\_\_\_  
Authorized Representative

**FONDÉ DE POUVOIR'S CERTIFICATE**

The Bond represented by this Certificate is a Bond issued under the Deed of Hypothec within mentioned.

Date of Certification : 2005

**NATIONAL BANK TRUST INC.**

by: \_\_\_\_\_  
Authorized Representative

by: \_\_\_\_\_  
Authorized Representative

**FORM OF TRANSFER**

For value received \_\_\_\_\_, by these presents cedes and transfers to the Bond represented by this Certificate with full power of substitution, as well as its rights in the principal amount and outstanding interest on the said Bonds and irrevocably appoints \_\_\_\_\_ as its attorney to complete the transfer on the books of Paintball maintained by the Trustee pursuant to the Deed of Hypothec.

Dated \_\_\_\_\_, 2005.

Signed by: \_\_\_\_\_

\_\_\_\_\_  
Witness

App No	Status	Trademark	Class	App Date	Renew Date
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

File No	Ctry	Status	Trademark	App No	App Date	Reg No	Reg Date
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

United States

Trademark	Status
1. ARCTIC	PENDING SN. No.:78156791 FD: 2002-08-22 RD:
2. ARCTIC INFERNO	PENDING SN. No.:78222755 FD: 2003-03-07 RD:
3. BLAZE	PENDING SN. No.:76351502 FD: 2001-12-21 RD:
4. DRAXXUS	PENDING SN. No.:78095313 FD: 2001-11-27 RD:



Trademark	Status
	PENDING SN. No.:78161281 FD: 2002-09-06 RD:
5. DRAXXUS PAINTBALLS	
6. DRAXXUS XTREME SPORTSWEAR	PENDING SN. No.:76526240 FD: 2003-06-27 RD:
7. HELLFIRE	PENDING SN. No.:76351500 FD: 2001-12-21 RD:
8. IMPACT	PENDING SN. No.:78407731 FD: 2004-04-26 RD:
9. INFERNO	PENDING SN. No.:76351501 FD: 2001-12-21 RD:
10. MIDNIGHT	PENDING SN. No.:76351503 FD: 2001-12-21 RD:
11. NATIONAL XBALL LEAGUE	PENDING SN. No.:78168337 FD: 2002-09-26 RD:
12. NXL	PENDING SN. No.:78168343 FD: 2002-09-26 RD:
13. NXL NATIONAL XBALL LEAGUE	PENDING SN. No.:78168810 FD: 2002-09-27 RD:
14. POWER GAMES	PENDING SN. No.:76345563 FD: 2001-12-06 RD:

Trademark	Status
15. PROCAPS	PENDING SN. No.:78496652 FD: 2004-10-08 RD:
16. PROCAPS	PENDING SN. No.:78492970 FD: 2004-10-01 RD:
17. STR8 P8NT	PENDING SN. No.:78522585 FD: 2004-11-24 RD:
18. STR8 PAINT	PENDING SN. No.:78522595 FD: 2004-11-24 RD:
19. STR8T P8NT	PENDING SN. No.:78522524 FD: 2004-11-24 RD:
20. STR8T PAINT	PENDING SN. No.:78522517 FD: 2004-11-24 RD:
21. VFORCE	PENDING SN. No.:78543061 FD: 2005-01-06 RD:
22. XBALL	PENDING SN. No.:78156363 FD: 2002-08-21 RD:
23. XBALL	PENDING SN. No.:76184094 FD: 2000-12-19 RD:
24. XBALL PAINTBALL	PENDING SN. No.:78161276 FD: 2002-09-06 RD:

Canada

Trademark	Status	Wares & Services
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

U.S. Trademark Filings

V-Force Filed Jan, 2005 #78543061  
Conquest Filed Jan, 2005 #78543719

Patents

The 3 provisional patent applications filed in the United States, one for oil fill paintballs (application number 60/622940, filed November 1, 2004), one for a new goggle locking mechanism (application number 60/622939, filed November 1, 2004) and another for printed paintballs (application number 60/564692, filed September 1, 2004).

[REDACTED]  
[REDACTED]  
[REDACTED]

21.5 Schedule "E" - Claims subject to the *Financial Administration Act* (Section 11.3)

Nil

21.6 Schedule "F" - Claims secured by Registered Hypothec (Section 11.4)

Nil

WHEREOF ACT:

DONE AND PASSED in the City of Montreal, Province of Québec, on the date hereinabove set forth, under number eight hundred and forty-five (845) of the original of the minutes of the undersigned Notary.

AND after the parties had declared to have taken cognizance of these presents and to have exempted the said Notary from reading them or causing them to be read, the said duly authorized officers of the Grantor and the Trustee respectively have signed these presents, all in the presence of the said Notary who has also signed.

PAINTBALL L.P.,  
by its General Partner,  
2063149 Ontario Inc.

Per: [Signature]  
Name:  
Title: Representative

NATIONAL BANK TRUST INC.

Per: [Signature]  
Name: Carol Bédard  
Title: Advisor

Per: [Signature]  
Name: Andrée Binette  
Title: Advisor

[Signature]  
Mtre. Lucie Boulanger, Notary

A true copy of the original hereof  
remaining of record in my office

[Signature]  
[Signature]

*Extract from the Minutes of a Meeting of the Board of Directors of National Bank Trust Inc., held on September 1, 2004.*

**RESOLUTION NO. 2 of NATIONAL BANK TRUST INC.** (the "Company"), constituted under the *Act respecting trust companies and savings companies* (Quebec) and the *Companies Act – Part 1* (Quebec) and having its Head Office at 1100 University, 12th Floor, Montreal, H3B 2G7.

### **EXECUTING AND SIGNING DOCUMENTS**

#### **IT WAS RESOLVED THAT:**

1) Any two of the officers listed in paragraph 3 or one of said officers acting with one of the officers listed in paragraph 4, be and are hereby authorized for and on behalf of the Company, to:

- **EXECUTE** all deeds of loan, hypothec, assignment, sale, sale of immovables, pledge, trust or transfer of movable or immovable securities, all contracts, agreements, releases, with or without consideration, receipts or discharges for the payment of money or other securities and generally all deeds and documents, under private signature or in notarial form, of any nature whatsoever, requiring the signature of the Company in the course of its routine operations or in the exercise of the charges, functions and administrative mandates which it may be called upon to fulfill;

- **EXCHANGE, SELL, ASSIGN, TRANSFER and CONVEY**, either for the Company in its personal capacity or on behalf of its mandators, principals or persons for whom it acts as administrator, and in its capacity as trustee, mandatary, agent, administrator, liquidator of a succession, tutor to the property of minors, curator, trustee in bankruptcy or liquidator, or in any other capacity in which it may be entitled to act, all shares, debentures, debenture stock, bonds, evidence of indebtedness and other securities of firms or incorporated companies, banks, municipal or school corporations, fabriques, the Government of Canada, the Government of a Province of Canada and any foreign government;

- **ACCEPT**, either for the Company in its personal capacity or in one of the above capacities, the assignment, conveyance and transfer of the shares, debentures, debenture stock, bonds, evidence of indebtedness and other securities mentioned in the foregoing paragraph;

- **EXECUTE**, either for the Company in its personal capacity or in one of the above capacities, all deeds, writings, powers of attorney and documents necessary or useful for the purpose of the operations referred to in the foregoing paragraphs.

2) The officers specified in paragraphs 3 and 4 be and are hereby authorized, within the powers conferred in paragraph 1, for and on behalf of the Company to:

- **TAKE** any action necessary to give full force to this resolution;

- **SIGN** all deeds, contracts, instruments, documents or writings of any nature whatsoever in connection with the exercise of the powers delegated by virtue of the provisions in paragraph 1 hereinabove including bonds of indemnity or guarantees in case of the loss, theft or destruction of cheques, drafts, bills of exchange, money orders or other instruments of payment, share certificates, bonds, debentures or other securities or interest coupons and to affix thereto if need be, the seal of the Company;

- **CERTIFY** the authenticity of the signatures and to **MAKE** the necessary declarations with respect to the certification of deletions and alterations, the exemption of transfer taxes and the identity or civil status of endorsers, at the time of a transfer of securities;

- **DESIGNATE** by way of a power of attorney the person of their choice to exercise the powers conferred hereby.

3) The officers authorized to exercise the powers conferred under paragraph 1 with another officer listed in this paragraph 3 or in paragraph 4 or authorized to exercise the powers conferred in paragraph 2 are:

The Chairman of the Board of the Company  
The President and Chief Executive Officer of the Company  
The Vice-Presidents of the Company  
The Treasurer of the Company  
The Assistant Treasurer of the Company  
The Corporate Secretary of the Company  
The Assistant Secretary of the Company  
The Senior Managers of the Company  
The Managers of the Company  
The Section Managers of the Company

**TRADEMARK**

**REEL: 003181 FRAME: 0938**

The Account Managers - Trust Services of the Company  
The Managers, Development - Private Investment Management of the Company  
The Senior Advisors of the Company  
The Advisors of the Company

The President and Chief Executive Officer of NBCN Clearing Inc.  
The Vice-Presidents of the Company of NBCN Clearing Inc.  
The Managers of NBCN Clearing Inc.  
The Supervisors of NBCN Clearing Inc.

The Managers - Business Development of National Bank Financial Services Inc.

The officers of National Bank of Canada authorized by the Bank's general resolutions, as amended from time to time, according to the parameters established by said general resolutions.

4) The officers authorized to exercise the power conferred under paragraph 1 with an officer listed in paragraph 3 or authorized to exercise the power conferred under paragraph 2 are:

The Senior Analysts of the Company  
The Administration Officers of the Company  
The Analysts of the Company  
The Technical Advisors of the Company

The Senior Office Clerks of NBCN Clearing Inc.  
The Technicians of NBCN Clearing Inc.

5) The Vice-President - Taxation, or the Senior Advisor responsible for compliance, both of National Bank of Canada, is hereby authorized to SIGN, on behalf of the Company, the income tax returns of the company and other documents required by taxation authorities.

6) One of the officers of National Bank Discount Brokerage Inc. authorized by the company's general resolutions, as amended from time to time and in accordance with the parameters set out in such resolutions, be and is hereby authorized to EXECUTE, for and on behalf of Company, any treaty statement required under U.S. legislation.

7) The Chairman of the Board, the President and Chief Executive Officer, one of the Vice-Presidents, the Treasurer, the Assistant Treasurer, the Corporate Secretary, or the Assistant Secretary, is hereby authorized to certify the authenticity of this resolution N° 2 passed by the Company's Board of Directors, as well as the specimen signatures of the officers authorized by virtue hereof. The signature of the Corporate Secretary or of the Assistant Secretary of the Company for the certification of Resolution No. 2 may be printed, engraved or reproduced by any mechanical process and such resolution shall not require the Company seal to be valid.

I, the undersigned, hereby certify that the foregoing is a faithful translation of a resolution duly passed by the Board of Directors of National Bank Trust Inc. at a meeting duly called and held on September 1, 2004 and that this resolution which took effect on September 1, 2004 has not been revoked or amended and is still in full force and effect as of the date hereof.

Montreal, March 2, 2005

*Nathalie Babin*

Acknowledged true, signed for identification and annexed to the minute BAS of the repertoire of the undersigned Notary.

Nathalie Babin  
Assistant Secretary

*Carole Bédard*  
CAROLE BÉDARD  
ADVISOR

*Andrée Binette*  
ANDRÉE BINETTE  
ADVISOR

vraie copie / true copy

*Lucie Paullé, emp*

*Lucie Paullé, emp*

**POWER OF ATTORNEY**

**BY: PAINTBALL L.P.**, (the "Limited Partnership") herein acting and represented by its general partner 2063149 ONTARIO INC., itself herein acting and represented by Maxwell Gotlieb, its Secretary duly authorized for all purposes hereof as he so declares.

WHICH Limited Partnership pursuant to the resolution of the directors of 2063149 Ontario Inc. (the "General Partner") adopted on March 1, 2005, hereby constitutes and appoints MARIE-ANDRÉE GRAVEL or, failing her, either of BENJAMIN DAVID GROSS or PIERRE DENIS, each attorneys of the firm LAVERY, de BILLY, L.L.P., as its mandatary, for, on behalf of and in the name of the Limited Partnership to:

1. Sign, execute and deliver on behalf of the Limited Partnership, the following documents (the "Documents") related to that certain credit agreement to be signed forthwith between the Limited Partnership, as Borrower, the lenders named therein, as Lenders, National Bank of Canada, acting in its capacity as Underwriter and Administrative Agent for all present and future Lenders, and National Bank Financial, as Arranger (the "Credit Agreement"), and without limiting the generality of the foregoing:
  - a) to sign and deliver on behalf of the General Partner, itself acting as general partner of the Limited Partnership, any deed of hypothec and issue of bonds by which the Limited Partnership grants a hypothec on or a pledge of all its movable and immovable property, corporeal or incorporeal;
  - b) to sign and deliver on behalf of the General Partner itself acting as general partner of the Limited Partnership any intervention to a deed of hypothec and issue of bonds granted by the General Partner in connection with the Credit Agreement; and
  - c) to sign and to deliver any bonds to the Administrative Agent;
2. The approval by the said mandatary of the form of the said Documents shall be conclusively proven by his/her signature thereon.
3. The mandatary is hereby authorized and directed, for and on behalf of the Limited Partnership, to execute and deliver all such deeds, documents, instruments and writings and to perform and do all such acts and things as he/she, in his/her discretion, may consider to be necessary, desirable or useful for the purpose of giving effect to this power of attorney.
4. In consideration of the accommodation provided to the Limited Partnership by MARIE-ANDRÉE GRAVEL or BENJAMIN DAVID GROSS or PIERRE DENIS in having agreed to act as the Limited Partnership's mandatary, we hereby agree to indemnify and save harmless the said MARIE-ANDRÉE GRAVEL and BENJAMIN DAVID GROSS and PIERRE DENIS and LAVERY, de BILLY, L.L.P. against and from any claim, demand or

proceeding which may at any time be made, asserted or instituted against them in connection with the execution and delivery of the above Documents and related documents pursuant to this power of attorney, save their gross negligence or fault.

SIGNED IN THE CITY OF TORONTO, PROVINCE OF ONTARIO, CANADA ON THE 2ND DAY OF MARCH, TWO THOUSAND AND FIVE (2005).

PAINTBALL L.P., herein acting and represented by its general partner 2053149 ONTARIO INC.

By:  \_\_\_\_\_  
Title: Secretary

Acknowledged true, signed for identification and annexed to the minute 845 of the repertoire of the undersigned Notary.

*Maxwell Golieb*  
*Secretary*

vraie copie / true copy

*Maxwell Golieb*  
*Secretary*



---

CERTIFIED COPY OF RESOLUTIONS OF THE BOARD OF DIRECTORS  
OF  
2063149 Ontario Inc.  
(the "General Partner")

ON BEHALF OF  
PAINTBALL L.P.  
(the "Borrower")

---

**"RECITALS:**

A. The Borrower was constituted as a limited partnership under the laws of the Province of Ontario on January 21, 2005 and the General Partner is the general partner of the Borrower.

B. The Borrower, the General Partner, National Bank of Canada (the "Administrative Agent" or "NBC") and Laurentian Bank of Canada (collectively with NBC, the "Lenders") are going to enter into a credit agreement (the "Credit Agreement"), pursuant to which the Lenders will agree to provide credit facilities to the Borrower for an aggregate amount of U.S.\$41,500,000 by way of an Operating Credit Facility for an amount up to U.S.\$5,000,000 and a Term Credit Facility for an amount up to U.S.\$36,500,000.

C. Pursuant to the terms and conditions of the Credit Agreement, the General Partner, for and on behalf of the Borrower shall sign, execute and deliver to National Bank Trust Inc., acting as Fondé de Pouvoir (the "Fondé de Pouvoir"), a deed of hypothec and issue of bonds by which the Borrower grants a hypothec on or a pledge of all its movable or immovable property, corporeal or incorporeal, up to a maximum amount of CDN\$103,750,000 with interest at the annual rate of 25% (the "Hypothec") and shall sign, execute and deliver to the Administrative Agent certain bonds, up to a maximum amount of CDN\$103,750,000 with interest at the annual rate of 25% (the "Bond(s)"), in connection with the Credit Agreement.

D. In addition, the Borrower, as beneficial owner, shall intervene to a deed of hypothec and issue of bonds to be granted to the Fondé de Pouvoir by the General Partner (the "General Partner Hypothec") and hypothecate the immovable property described in Schedule "A".

E. The Borrower and the General Partner shall enter into a beneficial owner agreement in favour of, *inter alia*, the Lenders and the Fondé de Pouvoir (the "Beneficial Owner Agreement") in respect of the immovable property described in Schedule "A".

F. The directors of the General Partner have received and reviewed draft copies of the Hypothec, the General Partner Hypothec, the Bond(s), and the Beneficial Owner Agreement.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The General Partner is hereby authorized to sign, execute and deliver, as general Partner of the Borrower, the Beneficial Owner Agreement.


2. The Borrower is hereby authorized to hypothecate in favour of the Fondé de Pouvoir all of its present and future movable and immovable property, corporeal or incorporeal, and to issue the Bond(s), and the General Partner is hereby authorized to execute and deliver, as general partner of the Borrower, the Hypothec, the intervention to the General Partner Hypothec, and the Bond(s).

3. The form and terms of the Hypothec, the General Partner Hypothec, the Beneficial Owner Agreement and the Bond(s) be and the same are hereby approved, sanctioned, ratified and confirmed, together with any additions, alterations or amendments as any one (1) officer or director of the General Partner, or such other person as may be designated as a signing authority by the Borrower itself represented by any officer or director of the General Partner from time to time, as general partner of the Borrower, may deem advisable, the approval of such addition, alteration or amendment to be conclusively evidenced by the execution of such document with such additions, alterations or amendments thereto.

I, the undersigned, Maxwell Gottlieb, Secretary of the General Partner, hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Directors of the said General Partner on March 1, 2005 and that such resolution is still in full force and effect as at the date hereof.

This ~~1st~~ day of March, 2005.

~~1st~~  
2nd

  
\_\_\_\_\_  
Maxwell Gottlieb, Secretary

Acknowledged true, signed for identification and annexed to the minute 845 of the repertoire of the undersigned Notary.

*Maxwell*  
*Winn Broullier,*  
*notary*

vraie copie / true copy

*Winn Broullier,*  
*notary*

Ressources  
naturelles,  
Faune et Parcs

Québec

ÉTAT CERTIFIÉ D'INSCRIPTION  
DE DROIT  
AU REGISTRE FONCIER DU QUÉBEC

*Je certifie que la réquisition présentée le 2005-03-03 à 14:00 a été inscrite au Livre  
foncier de la circonscription foncière de Montréal  
sous le numéro 12 117 322.*

Identification de la réquisition

Mode de présentation :	Acte
Forme :	Notariée en minute
Notaire instrumentant :	M <sup>e</sup> Lucie BOULANGER
Numéro de minute :	845

[http://www.registrefoncier.gouv.qc.ca/Sirf/Docmn/5839385/2/ecac12\\_117\\_322.htm](http://www.registrefoncier.gouv.qc.ca/Sirf/Docmn/5839385/2/ecac12_117_322.htm)

3/4/2005

KEVIN LEONARD & ASSOCIÉS  
NOTAIRES · NOTARIES

Minute Number: **845**

Date : March 2, 2005

Mtre Lucie Boulanger, Notary

---

**DEED OF HYPOTHEC**

by

**PAINTBALL L.P.**  
(acting and represented by **2063149 Ontario**  
**Inc.**)

in favour of

**NATIONAL BANK TRUST INC.**

---

CERTIFIED COPY

COPIE AUTHENTIQUE

---

1200 McGill College, Suite 2350,  
Montreal, Quebec H3B 4G7  
TELEPHONE 514.392.0122 FAX 514.392.9922

TRADEMARK

RECORDED: 10/25/2005

REEL: 003181 FRAME: 0946