

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

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THE LAND TITLES ACT
MORTGAGE COLLATERAL TO PROMISSORY NOTE

WHEREAS, ALL PEACE ASPHALT LTD. of Box 57, Grande Prairie, Alberta T8V 3A1, (hereinafter called the "Mortgagor") is the registered owner of the land in the Province of Alberta, described as follows:

AN UNDIVIDED TWO THIRDS (2/3) INTEREST IN

THE NORTH WEST QUARTER OF SECTION THREE (3)
TOWNSHIP EIGHTY TWO (82) RANGE ONE (1)
WEST OF THE SIXTH MERIDIAN
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
1.03 HECTARES (2.54 ACRES) MORE OR LESS FOR ROAD
AS SHOWN ON ROAD PLAN 1886JY.
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

(hereinafter sometimes called "the said lands" or "the mortgaged premises");

AND WHEREAS the Mortgagor has requested that GARLAND TRUCKING LTD. of Box 83 Sexsmith, Alberta T0H 3C0.

(hereinafter called the "Mortgagee") advance certain sums to the Mortgagor as evidenced by a Promissory Note of even date herewith, a copy of which Note is hereto annexed and marked Schedule "A";

AND WHEREAS the Mortgagee as additional security for such advances and other indebtedness owed by the Mortgagor to the Mortgagee now and in the future has demanded this Mortgage as general and continuing collateral security for the fulfillment of all obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Mortgagor to the Mortgagee at or through dealings with any branch office or agency of the Mortgagee whatsoever whether arising from agreement or dealings between the Mortgagee and the Mortgagor or from any agreement or dealings with any third person by which the Mortgagee may be or become in any manner whatsoever a creditor of the Mortgagor or however otherwise arising and whether the Mortgagor be bound alone or with another or others and whether as principal or surety (such obligations being hereinafter referred to as the "said indebtedness");

AND WHEREAS the said indebtedness secured by this Mortgage may fluctuate from time to time.

NOW THEREFORE the Mortgagor being registered as owner subject however, to such encumbrances, liens and interests as are notified by memorandum and underwritten or endorsed hereon, of the said lands, in consideration of and for the purposes above mentioned and for other good and valuable consideration hereby covenants and agrees with the Mortgagee as follows:

REPAYMENT

1. The Mortgagor will pay to the Mortgagee the said indebtedness at the Office of the Mortgagee:
 - (a) As and when the same shall become due and payable, by making payment of the principal sum of all promissory notes, bills of exchange, accounts, guarantees, and other instruments or evidences of debt now representing the said indebtedness or any part thereof and all renewals and substitutions of or for the same or any of them or any part thereof as and when such promissory notes, bills of exchange, accounts, guarantees and other instruments, renewals and substitutions and evidences of debt representing the said indebtedness in whole or in part, shall respectively become due and payable to the extent of TWO HUNDRED EIGHT THOUSAND (\$208,000.00) Dollars of lawful money of Canada (hereinafter called the "principal sum" or the "principal");
 - (b) By payment of interest, if applicable, as well after as before maturity and both before and after default and judgment, in lawful money of Canada, at the said Office of the Mortgagee described above, in accordance with the terms of the said personal loan plan note or notes, bills of exchange, accounts, guarantees and other instruments of debt or any renewals of or substitutions for the same.

CHARGE

2. And for the better securing to the Mortgagee the repayment in the manner aforesaid of the said amounts and interest and other charges and all the moneys hereby secured, the Mortgagor hereby mortgages to the said Mortgagee all the Mortgagor's estate and interest in the said lands together with the benefits and advantages of all easements, franchises and privileges now or hereafter appurtenant or appertaining thereto.

SHORT COVENANTS

3. The Mortgagor covenants with the Mortgagee that the Mortgagor:

- (1) Has a good title to the said lands.
- (2) Has the right to mortgage the said lands.
- (3) And that, on default, the Mortgagee shall have quiet possession of the said lands free from all encumbrances.
- (4) Will execute such further assurances of the said lands as may be requisite.
- (5) Has done no act to encumber the said lands.

ACCELERATION OF PAYMENT

4. The principal sum hereby secured and interest thereon shall at the option of the Mortgagee forthwith become due and payable without notice and the Mortgagee may enforce this Mortgage and the Promissory Note upon the occurrence of any of the following events of default which are in addition to those otherwise provided hereunder:

- (a) if the Mortgagor defaults in the payment when due of any amount owing under the Promissory Note;
- (b) if the Mortgagor sells or enters into an agreement to sell the lands mortgaged hereunder;
- (c) if the Mortgagor makes an assignment for the benefit of creditors or a proposal under the Bankruptcy Act, or is declared bankrupt, or if power of sale or foreclosure proceedings are taken or commenced against the lands;
- (d) if an encumbrancer takes possession of the property of the Mortgagor or any part thereof which in the Mortgagee's opinion is a substantial part thereof, or if a distress or execution or any similar process be levied or enforced against such property and remain unsatisfied for such period as would permit the property or such part thereof to be sold thereunder; provided that such possession or process is not in good faith disputed by the Mortgagor;
- (e) if there is default in the observance or performance of any other covenant, proviso, or agreement contained in this mortgage.

The Mortgagee may, in writing at any time after default, waive such default and upon such waiver the times for payment of said principal shall be as set out in the above proviso for payment, but any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

MORTGAGEE NOT BOUND TO ADVANCE

5. Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the moneys secured hereby, shall bind the Mortgagee to make any advances to or on behalf of or at the request of the Mortgagor, but nevertheless this Mortgage shall take effect forthwith on the execution of these presents, and if the amount or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of or at the request of the Mortgagor at any future date or dates and the amount of such advances when so made shall be secured hereby and repayable with interest as herein provided.

TAXES, LIENS, ENCUMBRANCES, ETC.

6. (a) The Mortgagor will pay, as and when the same shall fall due, all taxes, rates, liens, charges, encumbrances or claims, including without limiting the generality of the foregoing, all principal, interest, taxes or otherwise under or by virtue of any "prior mortgage" (which said term shall include any mortgage, agreement for sale, lease or other charge or encumbrance having priority over the charge of the Mortgage which are or may be or become charges on or claims against the said lands or this Mortgage or the Mortgagee in respect of this Mortgage and, on demand therefor by the Mortgagee, will produce and leave with the Mortgagee receipts for the same, and the Mortgagor will otherwise observe, perform and comply with the Mortgagor's covenants, provisos and agreements contained in any prior mortgage. Any default by the Mortgagor under a prior mortgage shall be default hereunder.
- (b) The Mortgagee may pay as and when the same shall fall due all taxes, rates, liens, charges, encumbrances or claims, including without limiting the generality of the foregoing, all principal, interest, taxes or otherwise, under or by virtue of any prior mortgage which are or may be or become charges on or claims against the mortgaged premises or this Mortgage or the Mortgagee in respect of this Mortgage.
- (c) If the said lands or any part thereof are sold or forfeited for non-payment of taxes while any

sum remains unpaid hereunder, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the name of the Mortgagor and on the Mortgagor's behalf, any and all sums necessary to be paid to redeem such land so sold or forfeited, and to revest such lands in the Mortgagor, or in the alternative the Mortgagee shall have the right to bid on and/or purchase the said lands at any tax sale of the same and shall thereupon become the absolute owner thereof.

- (d) The Mortgagor hereby nominates and appoints the Mortgagee as agent to pay any such monies pursuant to subclauses (b) and (c), as in its sole discretion it may deem advisable, on the Mortgagor's behalf and in the Mortgagor's name, and any amount so paid by the Mortgagee shall become part of the principal hereby secured and be a charge on the said lands in favour of the Mortgagee and shall be payable forthwith by the Mortgagor to the Mortgagee with interest at the rate aforesaid until paid and in default proceedings for sale and foreclosure may be taken in addition to all other remedies.
- (e) The Mortgagor further covenants with the Mortgagee that the Mortgagee may deduct from any advance of moneys secured by this Mortgage an amount sufficient to pay any and all taxes, rates, liens, charges, encumbrances or claims against the lands which have become or will become due and payable and are unpaid at the date of such advances, together with such interest as may be due in respect of such advances.
- (f) If payments are not made as in this clause provided and such default continues for a period of ten (10) days, then the Mortgagee may, at its option, declare the whole of the amount and interest hereby secured and not previously paid immediately due and payable and proceed as in the case of any other default in payment thereof.

INSURANCE

7. THAT the Mortgagor further covenants with the Mortgagee:

- (a) That the Mortgagor shall forthwith insure, if not already so insured, and during the continuance of this Mortgage keep insured in favour of the Mortgagee, with loss payable to the Mortgagee as its interest may appear, the said lands and each and every building, structure, erection, improvement, fixture or replacement thereof, including and without limiting the generality of the foregoing, all plant, equipment, apparatus, machinery and fixtures of every kind and nature whatsoever now on the said lands or which may hereafter be erected or placed thereon, both during erection and thereafter (all of the foregoing being hereinafter referred to as "the Premises") for the full amount permitted by law but in any event at least for the full insurable replacement value thereof on a non-reporting completed value basis in lawful money of Canada and in such forms and with a company or companies and policy or policies of insurance approved by the Mortgagee against all risk of direct physical loss with only such exclusions as the Mortgagee may approve and in addition, without limiting the generality of the foregoing, the Mortgagor shall maintain:
 - (i) boiler insurance (if any boilers or pressure vessels are installed in the Premises);
 - (ii) insurance covering loss of rentals on those portions of the Premises leased or rented to tenants by the Mortgagor and Business Interruption Insurance on those portions of the Premises occupied by the Mortgagor, such policy or policies in amounts, at least equal to the amount of payments required to be made hereunder for principal, interest and taxes for the period of such policy or policies;
 - (iii) insurance against liability imposed for injury to or death of persons or for damage to or loss of property in such amounts as will in the opinion of the Mortgagee reasonably protect the Mortgagor against such losses.
- (b) That such insurance policies shall either be without co-insurance or have a stated or stipulated amount co-insurance clause for an amount equal to or less than the policy limit.
- (c) That all policies of insurance required hereby shall contain "mortgage clauses" in favour of the Mortgagee in a form approved of by the Mortgagee.
- (d) That the Mortgagor shall forthwith from time to time upon request of the Mortgagee furnish at its own expense, a certificate of a competent appraiser or other competent person selected by the Mortgagee as to the sufficiency or otherwise of any insurance, and as to the type and amount thereof.
- (e) That the Mortgagor shall not allow any such policy or policies of insurance to be invalidated, and shall forthwith assign, transfer and deliver to the Mortgagee such policy or policies and receipts thereto appertaining, and does hereby irrevocably assign the proceeds of any such insurance to the Mortgagee. If the Mortgagor shall neglect to keep any part of the Premises

insured as herein provided, or to deliver any such policy or receipt, or to produce to the Mortgagee at least fifteen (15) days before the termination of any insurance coverage evidence, to the reasonable satisfaction of the Mortgagee, of the renewal thereof, or if the Mortgagee receives notice of the intended cancellation of any such policy, the Mortgagee shall be entitled to insure the Premises. PROVIDED HOWEVER THAT the Mortgagee shall not be bound to insure the Premises or, in the event of insuring the Premises, to insure other than the interest of the Mortgagee only, or to see to the payment of the premiums on any policy, or be liable or responsible for any loss arising out of any defect in any policy or failure of any insurance company to pay for any loss thereunder.

- (f) That the Mortgagor shall forthwith on the happening of any loss or damage, furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys; and any insurance moneys received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the Premises or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the land, or be applied or paid partly in one way and partly in another, or may be applied, in the sole discretion of the Mortgagee, in whole or in part, on the interest or other moneys owing hereunder then due, or on the mortgage debt, or any part thereof, whether due or not then due, notwithstanding any law, equity or statute to the contrary, and in particular The Insurance Act of the Province of Alberta and The Fires Prevention (Metropolis) Act, 1774, all rights and benefits of the Mortgagor thereunder being hereby expressly waived.
- (g) If for any reason any insurance as hereinbefore provided for cannot be effected or maintained, the whole of the principal and interest hereby secured and not previously paid shall, at the option of the Mortgagee, forthwith become due and payable.
- (h) And it is further agreed that in case of the cancellation of any insurance by reason of the unsatisfactory condition of the buildings on the said lands or from any other cause whatsoever, the Mortgagee or its agent shall have the right to enter the said buildings at any time for the purpose of inspection at the expense of the Mortgagor, and the whole of the amount and interest hereby secured and not previously paid shall, at the option of the Mortgagee, forthwith become due and payable.
- (i) Nothing herein shall be deemed to hold the Mortgagee responsible for failure to have insurance placed or for any loss growing out of any defects in any policy or because of failure of any insurance company to pay for any loss or damage insured against.

IMPROVEMENTS, FIXTURES, ETC.

8. All erections, buildings, improvements and fixtures and all machinery, plant, apparatus and equipment appurtenant thereto which are now or which shall hereafter be placed or installed upon the mortgaged premises are or shall thereafter be deemed to be fixtures and form part of the realty and of the security and are included in the expression the "said lands", and the Mortgagor shall not permit or suffer the said lands or any part thereof to become vacant nor permit nor suffer any act of waste thereon and the Mortgagor will at all times during the continuance of this security, the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order, and in the event of any loss or damage thereto or destruction thereof the Mortgagee may give notice to the Mortgagor to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice, and upon the Mortgagor failing so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage moneys shall, at the option of the Mortgagee, become immediately due and payable and that without any demand by the Mortgagee upon the Mortgagor, provided that the Mortgagee may repair, rebuild or reinstate the mortgaged premises at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage. The Mortgagor shall not make or permit to be made any alterations or additions to the buildings, structures and erections on the said lands without the consent of the Mortgagee and shall not use the said lands or permit it to be used other than for the purpose for which it is presently used or for such other purposes as shall be specifically permitted by the Mortgagee in writing.

ASSIGNMENT OF RENTS

9. And the Mortgagor shall not lease or rent the whole or any portion of the said lands without the express written consent of the Mortgagee, which consent shall not be unreasonably withheld and the granting of any such consent by the Mortgagee shall not be or be deemed to be a grant of priority for any such lease over this Mortgage. The Mortgagor will not demand or accept and no Lessee shall pay (without the express written consent of the Mortgagee, which consent shall not be unreasonably withheld) any prepayment of rent under any lease of the said lands or any part thereof for anything in excess of One (1) month's rent. As further security for the payment of all moneys owing hereunder the Mortgagor assigns and agrees to assign to

the Mortgagee all rents which shall now, or hereafter may become payable by reason of any tenancy or tenancies covering the mortgaged premises or any part thereof; and if the Mortgagor be in default in the observance or performance of any of the terms, covenants and conditions of this Mortgage, then the Mortgagee shall have the right, by its agents or otherwise, to take and receive the rents thereof, and, for such purposes, the Mortgagor hereby appoints the Mortgagee attorney for the Mortgagor and in the Mortgagor's name, to execute such agreements, transfers or conveyances as may be required for the purposes aforesaid, the Mortgagor hereby confirming and ratifying all things which the Mortgagee may do in connection therewith; and the Mortgagor agrees to execute such further assurances as may be required to give effect to the true intent and purpose of this provision; but nothing in this provision shall make the Mortgagee chargeable or accountable as a Mortgagee in possession.

EXPENSES OF OBTAINING AND MAINTAINING SECURITY

10. All Solicitor's, Inspector's, Valuator's, and Surveyor's fees and expenses for drawing and registering this Mortgage and for examining the mortgaged premises and the title thereto and for making or maintaining this Mortgage a first charge on the mortgaged premises and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting, and legal costs as between solicitor and client, and also allowance for the time, work and expenses of the Mortgagee or of any agent, solicitor or servant of the Mortgagee for any purpose herein provided for as are not or may not be prohibited by the laws of the Province of Alberta, together with all sums which the Mortgagee may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes, rates, or in or toward payment of prior liens, charges, encumbrances or claims charged or to be charged against the said lands, or in maintaining, repairing, restoring or completing the mortgaged premises, and in inspecting, leasing, managing or improving the mortgaged premises, including the price or value of any goods of any sort or description supplied to be used on the mortgaged premises, or otherwise in the exercise of its rights under this Mortgage upon the default of the Mortgagor, and whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise are to be secured hereby and shall be a charge on the said lands, together with interest thereon at the said rate and in the manner provided in paragraph 1(b) hereof from the date such sums are advanced or incurred, and all such moneys, shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment of interest, except as herein otherwise provided.

MAINTENANCE OF CHARGE

11. The Mortgagor will fully and effectually maintain and keep the security hereby created as a valid and effective security during the currency thereof and will not permit or suffer the registration of any debt, lien or privilege whatsoever, whether of workmen, builders, contractors, engineers, architects or suppliers of material, upon or in respect of the mortgaged premises, which could rank prior to the charge of this Mortgage provided that the registration of any such lien or privilege shall not be deemed to be a breach of this covenant of the Mortgagor shall desire in good faith to contest the same and shall, if the Mortgagee so requires, give security to the satisfaction of the Mortgagee for the due payment of the amount claimed in respect thereof, together with possible costs, in case it shall be a valid lien or privilege.

COMPLIANCE WITH LAWS

12. The Mortgagor shall obey or cause to be obeyed all laws, rules, regulations, by-laws and orders of any governmental body having jurisdiction over the said lands and which in any way relate to the said lands or the use thereof.

SALE OF LANDS

13. The Mortgagor acknowledges that in advancing the sums secured by this Mortgage to the Mortgagor, the Mortgagee is relying on the financial ability, in the opinion of the Mortgagee, of the Mortgagor to repay the same and the Mortgagor agrees that if the Mortgagor, without the prior written consent of the Mortgagee, which consent the Mortgagee, in its discretion, may withhold, sells, transfers or assigns the said lands or agrees to do so or otherwise ceases to be the legal or beneficial owner of the said lands, then the whole of the sums secured hereby shall at the option of the Mortgagee forthwith become due and payable; PROVIDED that nothing herein shall be construed so as to permit the privilege of prepaying the said Mortgage in whole or in part.

DEFAULT AND REMEDIES

14. Any default hereunder or under any other security instrument now or in the future held by the Mortgagee in respect of the said indebtedness shall constitute default under each and every item of security (including this Mortgage) now or in the future held by the Mortgagee in respect of the said indebtedness, in each case as if the time for payment under all of the securities aforesaid had fully come and gone. In the event of any such default in addition to the rights and privileges of the Mortgagee at common law, in equity or by statute:

- (a) The Mortgagee may, at the expense of the Mortgagor, and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation.
- (b) The Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the said lands and a solicitor to examine and report upon the title to the same.
- (c) The Mortgagee, without further consent or concurrence on the part of the Mortgagor, may enter into possession of the said lands and receive and take rents, issues and profits thereof, and whether in or out of possession thereof may make any lease of the same or of any part thereof as the Mortgagee may see fit, and the Mortgagee is hereby authorized and empowered to sell the said lands or any part thereof and all the estate and interest therein of the Mortgagor.
- (d) No purchaser at any sale or lessee in any lease purporting to be made in pursuance of any of the aforesaid powers shall be bound or concerned to see or enquire whether any such default has been made or continues, or whether any such notice has been given as aforesaid, or as to the necessity or expediency or existence of the stipulations subject to which such sale or lease shall have been made, or otherwise as to the propriety of such sale or lease or the regularity of the proceedings, or to be affected by notice that any default has not been made or does not continue or that notice was not given as aforesaid, or that the sale or lease has been otherwise unnecessary, improper or irregular, nor shall any irregularity or want of notice invalidate any such sale or lease. Any such sale or lease may be on such terms and subject to such conditions, including special conditions as to title or otherwise, as the Mortgagee shall deem fit, and notwithstanding any impropriety or irregularity in any such sale or lease or notice thereof, the sale or lease as regards such purchaser or lessee shall be deemed to be within the aforesaid power and valid accordingly and the remedy, if any, of the Mortgagor in respect of any impropriety or irregularity whatsoever in any such sale or lease shall be in damages only.
- (e) The Mortgagee may sell the whole or any part or parts of the said lands by public auction or private contract, or partly one and partly the other, on such terms as to credit and otherwise as to the Mortgagee shall appear most advantageous and for such prices as can reasonably be obtained therefor. Sales may be made from time to time of portions to satisfy interest or parts of the principal, interest or other moneys overdue, leaving the balance thereof to run at interest, payable as aforesaid. The Mortgagee may make any stipulations as to title, or evidence of commencement of title, or otherwise, as the Mortgagee shall deem proper. The Mortgagee may buy in or rescind or vary any contract for sale of any of the said lands and resell, without being answerable for loss occasioned thereby. In case of a sale on credit the Mortgagee shall only be bound to pay to the Mortgagor such moneys as have been actually received from purchasers after the satisfaction of the Mortgagee's claim. For any of such purposes the Mortgagee may make and execute all agreements and assurances as the Mortgagee deems fit.

RECEIVER

15. The Mortgagee may, by writing under the hand of any solicitor or agent authorized on its behalf upon any default hereunder or otherwise as provided in paragraph 14 hereof, appoint a Receiver or Manager or Receiver and Manager, or Receiver-Manager (hereinafter called the "Receiver") of the said lands and:

- (a) In making such appointment, the Mortgagee shall be deemed to be the Attorney of the Mortgagor and the Receiver shall be deemed to be the agent of the Mortgagor and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver;
- (b) The Receiver shall have the power to demand, recover and receive all of the income of the property of which he may be appointed Receiver, by action, distress or otherwise either in the name of the Mortgagor or the Mortgagee, and give effectual receipts therefore and may, by writing at the discretion of the Mortgagee be vested with and may exercise any or all of the powers and discretions of the Mortgagee herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the said lands or any part thereof;
- (c) The Receiver may be removed by the Mortgagee, in which case and if any Receiver dies or refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by the Mortgagee in writing under the hand of any authorized solicitor or agent as aforesaid;
- (d) The Mortgagee may from time to time fix the remuneration of the Receiver and may recompense the Receiver for all disbursements properly incurred by him in carrying out his duties and his fees and such payments shall be added to the amount secured by this Mortgage, shall be payable on demand, and shall bear interest at the said rate calculated in the manner provided in paragraph 1(b) thereof;

- (e) The Mortgagee shall not by virtue of the appointment of such Receiver be a Mortgagee in possession and shall not be accountable except for monies actually received by the Mortgagee;
- (f) The person paying money to or in any way dealing with the Receiver shall not be concerned to enquire whether any case has happened to authorize the Receiver to act; and
- (g) The Receiver shall apply all moneys received by him in such of the following modes and in such order or priority as the Mortgagee may from time to time at its option direct in writing, namely: in discharge of all rents, taxes, rates, assessments and outgoings whatever affecting the said lands; and in keeping in good standing any prior mortgage or lien; and in payment of any premiums on fire, or other insurance, if any, properly payable under this Mortgage, payment of which is directed or confirmed in writing by the Mortgagee; and in payment of the cost of executing necessary or proper repairs to the said lands or any part thereof directed or confirmed in writing by the Mortgagee, and in payment of the remuneration of the Receiver and the costs of the Receiver incurred carrying out or executing any of the powers, duties or discretion which vest in or may be vested in the Receiver by reason of the provisions contained in this Mortgage; and in payment of the interest accruing due under this Mortgage, and in or towards the discharge of the principal money or any instalment thereof or solicitor's costs or other moneys due and payable under this Mortgage, and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver would have been entitled to receive the income of which he is appointed Receiver.

BOOKS OF ACCOUNT

16. With respect to the mortgaged premises (including, without restricting the generality of the foregoing, each and every building situate upon the said land) and the Mortgagor's operations in respect thereof:

- (a) The Mortgagor will keep its proper books of record and accounts in accordance with sound accounting practice;
- (b) The Mortgagee shall have the right to examine the books of record and accounts of the Mortgagor and to discuss the affairs, finances and accounts of the Mortgagor and to be informed as to the same by its officers, all at such reasonable times and intervals as the Mortgagee shall desire provided the Mortgagor shall give two (2) days prior notice of its desire for such examination and discussion.

WAIVER OF EXPROPRIATION ACT PROVISIONS AND ACCELERATION

17. The Mortgagor, immediately upon obtaining knowledge of any proposed expropriation (which term shall include "condemnation") or the institution of any proceedings for the expropriation of the said lands or any part thereof shall notify the Mortgagee of such proceedings and forward to the Mortgagee copies of any documentation relating to the expropriation or proposed expropriation. If the said lands or any part thereof is taken or damaged in or by any such expropriation proceedings or otherwise, the award or compensation payable to the Mortgagor shall be paid to the Mortgagee, to whom it is hereby assigned. Service of a copy of this Mortgage upon the expropriating authority shall be sufficient authority for that expropriating authority to deliver the said proceeds of award or compensation to the Mortgagee. The Mortgagor further covenants and agrees with the Mortgagee that:

- (a) The Mortgagor, being fully aware that under the terms of the Expropriation Act for the Province of Alberta, the Mortgagee may be restricted to recovering the market value of this Mortgage at the date of any expropriation of the said lands, hereby waives the Mortgagor's rights under the relevant provisions of that Act to that effect including the provisions enacted and enforced from time to time in replacement of or in addition to the provisions of The Expropriation Act;
- (b) In the event that the said lands or any part thereof which is secured by this Mortgage is expropriated, or if the Mortgagor or Mortgagee receives notice of intention to expropriate to an extent which, in the Mortgagee's sole discretion, materially affects the security provided by this Mortgage or any collateral security therefor, the full amount of the principal and interest of and any other monies secured by this Mortgage then outstanding shall, at the election of the Mortgagee, be deemed to become due and payable in full on the day before the said lands were expropriated and interest shall accrue thereon both before and after expropriation and both before and after any judgment obtained on this Mortgage at the aforesaid rate until the Mortgagee has been paid in full and the Mortgagor shall be estopped from denying otherwise; and
- (c) The Mortgagor will pay or cause to be paid to the Mortgagee upon request of the Mortgagee and from any expropriation proceeds the full amount of the principal and interest and any other monies then outstanding hereunder.

ASSIGNMENT OF AWARDS OR PAYMENTS

18. The Mortgagor does hereby mortgage and assign, set over and transfer to the Mortgagee any and all awards or payments, including interest thereon, and the right to receive the same which may be made with respect to the said lands, or any part thereof, as a result of:

- (a) the exercise of the right of eminent domain;
- (b) any expropriation or condemnation, partial or complete (in which case specific reference is to be made to the provisions of paragraph 16 hereof);
- (c) the alteration of the grade or width of any street, including any sidewalk or land;
- (d) the imposition or enforcement of any restriction, regulation or condition to meet any building or development concept, condition, scheme or guideline for development or restriction of or by any municipality or other competent authority; or
- (e) any other injury to or decrease in the value of the said lands, or any part thereof, to the extent of all amounts which may be secured by this Mortgage at the date of receipt of any such award or payment by the Mortgagee, and of reasonable legal fees, costs and disbursements incurred by the Mortgagee in connection with the collection of such award or payment. The Mortgagor agrees to execute and deliver, from time to time, such further instruments as may be requested by the Mortgagee to confirm such assignment to the Mortgagee of any such award or payment.

PREPAYMENT

19. The Mortgagor when not in default may prepay the whole or any portion of the balance owing hereunder at any time without notice or penalty.

PRIOR MORTGAGE

20. That if this Mortgage should at any time be subject to any prior mortgage, agreement for sale or other charge, in this paragraph called the "prior mortgage", the Mortgagor will pay or cause to be paid as they become due all payments whether for principal, interest, taxes or otherwise, under or by virtue of the prior mortgage and will otherwise observe, perform and comply with the covenants, provisos and agreements therein contained; that any default thereunder shall be deemed to be a default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee in the event of default hereunder; that the Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate herein from the date expended until paid, shall be payable with interest aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the said lands and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have in the event of default in payment of any other moneys payable hereunder.

MISCELLANEOUS COVENANTS

21. The Mortgagor further covenants and agrees with the Mortgagee that:

- (a) All advances hereunder shall be credited to such account as the Mortgagee, in its sole discretion, shall determine.
- (b) It is agreed that this Mortgage, the taking, foreclosure or cancellation thereof or any other dealing with or proceeding under the same shall not operate by way of merger of any indebtedness of the Mortgagor to the Mortgagee or any contract or instrument by which the same now or at any time hereafter be represented or evidenced, nor shall it operate to suspend payment of any such indebtedness or affect or prejudice in any way the rights, remedies and powers of the Mortgagee in respect thereof or any securities held by the Mortgagee for the payment thereof; and that no judgment recovered by the Mortgagee and no other dealing with any other security for the moneys advanced hereunder or secured hereby shall operate by way of merger of this Mortgage or in any way affect the security hereby created or the Mortgagee's right to interest as aforesaid and any such judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.
- (c) The Mortgagee may at all times release any part or parts of the said lands or any other security or any surety for payment of all or any part of the moneys hereby secured or may release the Mortgagors or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee, and without thereby releasing any other part of the said lands, or any other

securities or covenants herein contained, it being especially agreed that notwithstanding any such release the lands, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured.

- (d) No alteration of interest rate, alteration of principal repayments, extension of time or any other alteration of terms herein or any other dealing with the Mortgagor, its assigns or anyone claiming under it or with the owner of the said lands shall in any way prejudice or affect the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies hereby secured.
- (e) The waiver of one or more defaults under this Mortgage shall not be construed as a waiver of any subsequent or other default.
- (f) In the event of the mortgage moneys advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this Mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.
- (g) The Mortgagee shall not be charged with any moneys receivable or collectable out of the mortgage premises or otherwise, except those actually received; and all revenue of the said premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the mortgaged premises, or in payment of taxes or other charges against the mortgaged premises, or applied on the mortgage account, or be retained in suspense account, and the Mortgagee shall not be under any liability to pay interest on any sums in suspense account and the Mortgagee shall not, by reason of the collection out of the mortgaged premises, be deemed to be a mortgagee in possession.
- (h) In any action, suit or proceeding for enforcing this Mortgage or to recover payment of the monies hereby secured or for the sale, foreclosure, or obtaining possession of the said land or any part thereof, service of any notice, writ of summons, originating summons, statement of claim, order of court or a judge, or of any legal or other proceedings by the Mortgagee whereby or pursuant to any statute, ordinance, rule, order or practice required to be given or served and every notice and/or demand or request permitted or required to be served hereunder, shall be deemed to be properly and effectively served by any of the means that may be allowed by any statute, ordinance, order, rule or practice, or by any of the following means:
 - (i) by delivery of a copy of same by hand to one or more of the respective officers or directors of the Mortgagor (where the Mortgagor is a corporation) or the person or persons who shall at any time be the registered owner(s) of the mortgaged premises as the case may be; or
 - (ii) by mailing a copy of same to one or more of such officers, directors, person or persons as aforesaid at the address last known to the Mortgagee for such officers, directors, person or persons, and if mailed as aforesaid, shall be deemed to be properly and effectively served on the third following day after posting; or
 - (iii) by posting up a copy of same on the said lands (if unoccupied); or
 - (iv) by leaving a copy of same with an adult person on the said lands; or
 - (v) at the option of the Mortgagee, by publishing the same in some newspaper published in the Province of Alberta;

and such notice shall be sufficient though not otherwise addressed than "TO WHOM IT MAY CONCERN"; and the Mortgagor hereby agrees to such notice being given or such service being made as aforesaid, and that the same shall be in lieu of and shall have the same effect and be taken as personal notice or service; any statute, ordinance, order, rule or practice to the contrary notwithstanding.

- (i) Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Mortgage is executed by more than one party all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained; and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

- (j) The descriptive headings of the several Clauses of this Mortgage are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.
- (k) The security hereby constituted is in addition to, and not in substitution for, any other security now or hereafter held by the Mortgagee and no payment to the Mortgagee shall constitute payment on account of the principal, interest or other moneys from time to time owing hereunder unless specifically so appropriated in writing by the Mortgagee.
- (l) If at any time the said lands are subject to a mortgage or encumbrance ranking prior to this Mortgage, any covenant otherwise implied by statute now or hereafter in effect, including but not limited to Section 58(1) of The Land Titles Act, to the effect that a transferee will pay any money secured by a mortgage or encumbrance on the land transferred and will indemnify and keep harmless the transferor from and against the money or any covenants therein or to the like effect is hereby declared and agreed not to be implied in this instrument as a covenant of the Mortgagee, if the Mortgagee should be held to be a transferee either as a result of the taking of this Mortgage or as a result of any Order for Foreclosure, and the Mortgage shall have no liability to the Mortgagor or to the holder of any prior mortgage or encumbrance and any Order for Foreclosure granted with respect to this Mortgage shall so provide.
- (m) Every lot or unit into which the said lands are or may hereafter be divided does and shall stand charged with the whole of the moneys hereby secured and no person shall have any right to require the moneys hereby secured to be apportioned upon or in respect of any such part, lot or unit.
- (n) The Mortgagee or agent of the Mortgagee may at any time and from time to time enter upon the said lands to inspect the said lands or any portion thereof.
- (o) If any one or more of the provisions contained in this Mortgage shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any or all other provisions of this Mortgage, and this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
- (p) If the land, or any portion thereof, is held by one or more Mortgagor as a partner or partners of any firm, and/or joint venturer of a joint venture, this Mortgage shall be deemed to be a mortgage of the entire interest of such partnership in the said lands and/or the joint venture in the said lands as well as a mortgage of the interest of each Mortgagor in the said lands, and all covenants herein shall be deemed to be joint and several covenants of any such partnership and/or joint venture and of each Mortgagor.
- (q) This Mortgage shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of each and every party hereto.
- (r) The Mortgagor within six (6) days upon request in person or within ten (10) days upon request by mail will furnish to the Mortgagee a written statement duly acknowledged of the amount due upon this Mortgage and whether offset or defences exist against this mortgage debt.

DISCHARGE

22. The Mortgagee shall have a reasonable time after payment of the principal of, interest on, and other moneys secured by this Mortgage in full within which to prepare and execute a discharge of this Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. So long as there remains unpaid any principal, interest or other monies secured by this Mortgage, the Mortgagor shall not be entitled to a discharge notwithstanding that the Mortgagee has taken legal proceedings and recovered judgment or otherwise in respect of the covenants, provisos, agreements and stipulations herein contained on the part of the Mortgagor to be observed and performed.

CHANGE OF USE

23. The Mortgagor will not initiate, join in or consent to any change in any private restrictive covenant, land use by-law, or other public or private restrictions limiting or defining the uses which may be made of the said lands or any part thereof without the prior written consent of the Mortgagee.

RENEWAL

24. That without prejudice to any rights of the Mortgagee against the Mortgagor or any other persons liable for the payment of the monies hereby secured, this Mortgage may be renewed by an agreement in writing, at, before or after maturity, for any term, with or without a change in the rate of interest notwithstanding that there may be subsequent mortgagees or encumbrancers. It shall not be necessary to register any such agreement in order to retain priority of this mortgage provided, however, that the Mortgagee may at any time, at its option, register a caveat under and by virtue of such renewal agreement. Nothing herein

shall obligate the Mortgagee to renew or extend this Mortgage.

CONTINUING SECURITY

25. The Mortgagor covenants and agrees with the Mortgagee that this Mortgage shall stand as continuing additional and collateral security for the said indebtedness to the extent of the stated principal sum and interest thereon as hereinbefore provided and that the principal portion secured by this Mortgage may fluctuate from time to time and that the principal portion and accrued interest may be totally or partially repaid and thereafter the principal sum or any portion thereof may be re-advanced by the Mortgagee at its sole discretion, or obligations falling within the definition of "said indebtedness" may be incurred by the Mortgagor to the Mortgagee, and this Mortgage shall continue as collateral security for the said indebtedness to the extent hereinbefore provided and shall not be deemed to have been discharged or redeemed in whole or in part by reason of the fluctuation of the amount secured hereby or the account of the Mortgagor having ceased to be in a debit balance.

26. It is stated that the amount of principal money secured by this mortgage, both before and after maturity and both before and after default is charged interest at the rate of per year, calculated monthly not in advance, and payable monthly, in the manner described herein. Prime Rate means the floating rate of interest established from time to time by the Bank of Montreal as the base rate it will use to determine rates of interest on Canadian dollar loans to customers in Canada and designated as "Prime Rate".

27. That if the context so requires, wherever the masculine gender is used it shall include the feminine and neuter, and wherever the singular is used it shall include the plural, and if there is more than one mortgagor then all covenants and stipulations herein contained or implied shall apply to and be binding upon all the mortgagors jointly and severally and their respective executors, administrators, legal and personal representatives, successors and assigns; PROVIDED, always, and it is expressly agreed by and between the parties hereto that all covenants, provisos, privileges and licences herein expressed or implied shall be binding upon and enure to the benefit of the respective executors, administrators, legal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the mortgagors have hereunto set their hands and seals this 29 day of October, 2009.

SIGNED in the presence of:

)
)
) ALL PEACE ASPHALT LTD.
) PER: [Signature]
) Grant Wald
)

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PROMISSORY NOTE

PRINCIPAL: \$208,000.00

DATE: OCTOBER 29, 2009
PLACE: GRANDE PRAIRIE, AB

FOR VALUE RECEIVED the undersigned promises to pay to the order of GARLAND TRUCKING LTD. the principal sum of \$208,000.00 as follows:

- (a) \$52,000.00 on or before November 15, 2010;
- (b) \$52,000.00 on or before November 15, 2011,
- (c) \$52,000.00 on or before November 12, 2012;
- (d) \$52,000.00 on or before November 15, 2013;

The undersigned agrees that, at the same time it forwards any payment(s) to Garland Trucking Ltd., it will provide written notice of such payment (s) to Gary Angen by regular mail to Box 201 LaGlace, Alberta T0H 2T0.

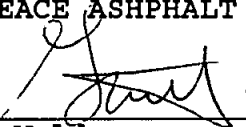
If there shall be default in the payment of any such instalment, interest shall then be charged at Alberta Treasury Branches prime plus 3% per annum.

The undersigned shall have the right to prepay all or any portion of this Promissory Note without notice, bonus or penalty.

This Promissory Note shall be construed, interpreted and governed in accordance with the laws of Alberta.

ALL PEACE ASPHALT LTD.

PER:



Grant Wald



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092411056 REGISTERED 2009 11 16

MORT - MORTGAGE

DOC 2 OF 2 DRR#: C080A82 ADR/NLYSTE

LINC/S: 0017305352