



## GENERAL SECURITY AGREEMENT (SHORT FORM)

**THIS SECURITY AGREEMENT** in favour of **THE WOOD COMPANY** an entity registered under the laws of the PROVINCE OF ALBERTA and having its headquarters listed at **5335 Lakeview Drive SW, Calgary, Alberta T3E 5S1** (the "Secured Party");

**WHEREAS** the Debtor is currently indebted and liable and may from time to time become further indebted or liable, to the Secured Party;

**AND WHEREAS** this General Security Agreement (the "Agreement") is to secure all present and future obligations, indebtedness and liabilities owing by the Debtor to the Secured Party (collectively, the "Obligations");

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Debtor hereby agrees as follows:

### 1. GRANT OF SECURITY INTEREST

The Debtor hereby grants to the Secured Party a security interest in all of the property and assets of the Debtor, both present and future, including all Intangibles, Inventory, Equipment and Receivables (excluding Consumer Goods), and the Proceeds of such property and assets (collectively, the "Collateral"), as a general and continuing collateral security for the due payment and performance of all present and future Obligations of the Debtor to the Secured Party.

### 2. INFORMATION AND INSPECTION

The Debtor will from time to time furnish to the Secured Party all information reasonably requested by the Secured Party relating to the Collateral.

### 3. DEFAULT

#### (a) Events of Default

The occurrence of any of the following events or conditions shall constitute a Default:

- (i) the Debtor does not make timely payment of amounts due and payable or as otherwise agreed to from time to time; or
- (ii) the Debtor ceases or threatens to cease to carry on its business; or
- (iii) the Debtor becomes insolvent, bankrupt, makes a proposal or files an assignment for the benefit of creditors under the *Bankruptcy and Insolvency Act* (Canada) or similar statute; a petition in bankruptcy is filed against the Debtor; steps are taken under any legislation by or against the Debtor seeking liquidation, winding up or dissolution of the Debtor; or
- (iv) a receiver, receiver and manager or trustee is appointed in respect of the Debtor; or
- (v) the holder of a security interest in the property and assets of the Debtor takes possession of all or a substantial part of the Debtor's property.



**(b) Rights upon Default**

Upon giving fifteen (15) days' written notice to the Debtor of the event of default relied upon, and unless such default is waived by the Secured Party or cured within such fifteen (15) day period, the Secured Party shall have the following rights.

(i) Acceleration of Amounts Due under the Note. The Secured Party may declare all amounts owing and any other Obligations to be immediately due and payable.

(ii) Appointment of a Receiver. The Secured Party may by instrument in writing appoint a receiver or receiver and manager (a "Receiver") of the Collateral. The Secured Party may from time to time remove or replace a Receiver, or make application to any court of competent jurisdiction for the appointment of a Receiver and may from time to time fix the Receiver's remuneration.

(iii) Dealings with the Collateral. The Secured Party or a Receiver may take possession of the Collateral and retain the same for as long as it takes to recover any unpaid Liabilities then due and owing and may receive any rents and profits therefrom, carry on (or concur in carrying on) the Debtor's business or any part thereof or refrain from doing so and sell or lease or concur in the selling or leasing of the Collateral. The Secured Party or a Receiver may (without charge) enter upon all or any of the Places of Business.

(iv) Realization. The Secured Party or a Receiver may use, collect, sell or otherwise dispose of, realize upon, release to the Debtor and otherwise deal with the Collateral in such manner and upon such terms as the Secured Party or the Receiver consider appropriate.

(v) Application of Proceeds After Default. All Proceeds of Collateral received by the Secured Party or a Receiver shall be applied to discharge or satisfy any reasonable expenses (including the Receiver's remuneration), charges, borrowings, taxes and other outgoings required to preserve, maintain or enhance the Collateral and to keep in good standing the other permitted security interests. The balance of such Proceeds shall be applied to the Liabilities and thereafter shall be accounted for as required by law.

**(c) Other Rights**

Upon Default, the Secured Party will have, in addition to the rights specifically provided in this agreement, the rights of a secured party under the UCC. No such right shall be exclusive of or dependent upon any other right and one or more of such rights may be exercised independently or in combination from time to time.

**(d) Deficiency**

The Debtor will remain liable to the Secured Party for payment of any Liabilities which are outstanding following realization of the Collateral or any part thereof.

**4. EXPIRATION**

Financing Statements registered with this Agreement expire after five years, except under the following conditions. If at the end of the five year registration period there is Liability owed by the Debtor to the Secured Party, the Secured Party without further consent from the Debtor may register such an



extension or continuation for a further term of five years; to the extent permitted by applicable law further extensions of registration may be made so long as done within the permitted period and it is registered under the same terms.

## 5. FURTHER ASSURANCES

The Debtor will from time to time upon request by the Secured Party will promptly take such action and execute such documents, as the Secured Party may consider necessary to give effect to this Agreement. If permitted by law, the Debtor hereby waives the right to sign or receive a copy of any Financing Statement, Financing Change Statement and/or local registry documents relating to this agreement.

## 6. DEFINITIONS

In this Agreement:

**"Consumer Goods"**, **"Equipment"**, **"Intangibles"**, **"Inventory"**, **"Proceeds"**, and **"security interest"** have the respective meanings given to them in the UCC and in any regulations thereto.

**"Books and Records"** means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to the Collateral to which the Debtor has access.

**"Default"** has the meaning set out in section 3 hereof.

**"Liabilities"** means all present and future obligations, indebtedness and liabilities of the Debtor to and in favour of the Secured Party under the Note.

**"Person"** means any natural person or artificial body (including any firm, corporation or government).

**"Place of Business"** means a location where the Debtor carries on business or where any of the Collateral is located.

**"UCC"** means the *Uniform Commercial Code* (California) as amended from time to time and all regulations from time to time made thereunder.

**"Receivables"** means all debts, claims and choses in action now or hereafter due or owing to or owned by the Debtor.

## 7. GENERAL

### (a) Reservation of the Last Day of any Lease

The security interests created by this Agreement shall not extend to the last day of the term of any lease or agreement for lease.

### (b) Attachment of Security Interest

The security interests created by this Agreement are intended to attach to Collateral existing when the Debtor signs this Agreement and to Collateral subsequently acquired by the Debtor.

### (c) Interpretation



When the context so requires, the singular shall be read as the plural.

**(d) Notice**

Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to be effectively given if (i) delivered personally, or (ii) sent by prepaid courier service or mail, in the case of notice to the Secured Party, if addressed as follows:

**5335 Lakeview Drive SW, Calgary, Alberta T3E 5S1**

Any notice so given is deemed conclusively to have been given and received when so personally delivered or sent by facsimile during business hours or on the second day following the sending thereof by private courier or mail. Any party hereto or others mentioned above may change any particulars of its address for notice by notice to the others in the manner aforesaid.

**(e) Governing Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of the State of Illinois applicable therein, and each party hereto hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such state and all courts competent to hear appeals therefrom.

**(f) Assignment**

This Agreement shall ensure to the benefit of and be binding upon the Secured Party and the Debtor and their respective successors and permitted assigns. Neither party shall be entitled to assign this Agreement without the prior written consent of the other party.

The Secured Party hereby accepts this Agreement and acknowledges and covenants to fully subordinate and postpone its security hereunder from time to time to secured lenders of the Debtor at the written request of the Debtor.