

Line Of Credit Terms And Conditions

THE PARTIES AGREE AS FOLLOWS:

1. All loan and security documents must be in the standard form of the Lender or in a form approved by the Lender. The Lender shall not be obliged to advance any amount under the Credit Facility where at the time of the closing of the transaction the Borrower is, or if an advance was made, would be in default under the terms of the Line of Credit Agreement or any of the Security Agreements or other Loan Documents.
2. The security shall be in full force and effect and shall be filed, registered, entered or recorded in all public offices and records desirable or necessary to give effect to the security.
3. All security and such other documentation as deemed necessary by the Lender acting reasonably, is to be prepared by the Lender. The present and future indebtedness and liability of the Borrower to the Lender shall be secured by the security and such other documentation. All legal and any other fees for the establishment and maintenance of credit facilities are for the account of the Borrower.
4. The Lender reserves the right to request any additional information deemed necessary from the Borrower prior to disbursement.
5. The Lender reserves the right to request any additional information deemed necessary from the Borrower in order to complete their due diligence from time to time.
6. The Borrower covenants to maintain membership with Northern Lender Limited in good standing during the terms of the credit facilities.

7. Line of Credit Facility

1. The Lender shall provide a revolving line of credit to the Borrower in the form of an overdraft facility (the "LOC Facility") and in connection herewith shall honour cheques and other payment instruments drawn on the Borrower's Account in excess of the amount on deposit in the Account (the "Overdraft"), up to an aggregate amount equal to the Maximum Overdraft Amount. In no event shall the Lender be obliged to honour cheques and other payment instruments drawn on the Borrower's Account in excess of the Maximum Overdraft Amount stated above and all such Overdraft amounts shall at all times be subject to the terms and conditions of this Agreement.
2. Subject to any terms hereof to the contrary, the Lender may cancel this Agreement and the LOC Facility at any time and may also decrease the Maximum Overdraft Amount by written notice to the Borrower from time to time. Except as specifically authorized herein, an increase of the Maximum Overdraft Amount shall be subject to negotiation with the Lender and will at all times be subject to this Agreement and any amendments in writing thereto.

8. Payment and Interest

1. Interest on the principal amount of the Overdraft and on all outstanding interest and costs, fees and expenses payable by the Borrower under this Agreement shall be charged and paid at the rate specified above, before and after demand, default and judgment.
2. For the purposes of this Agreement, the Variable Loan Rate means the Northern Prime publicly quoted from time to time by the Lender as being its prime lending rate for Canadian dollar commercial loans. Northern Prime at the date of this Agreement is X.XX%
3. Where the rate of interest payable under this Agreement is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or by the rules or regulations of any appropriate regulatory authority, then during the time that the rate

of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.

4. Line of Credit interest costs and other charges shall be automatically debited from the business account at each month end.
5. The Overdraft amount and any portion thereof, together with all applicable interest thereon is repayable on demand in the sole discretion of the Lender, but unless and until a demand for payment is made, the Borrower shall pay the Lender all accrued interest for each month within 3 banking days of the end of that month.
6. The obligation of the Borrower to repay the Lender shall not be affected in any way by reason of the balance owing to the Lender owing under this Agreement is in excess of the Maximum Overdraft Amount.

9. Manner of Making Repayments

1. All payments to be made by the Borrower to the Lender shall be made by depositing cash, drafts, cheques, or other bills of exchange payable on the date of deposit for credit into the account maintained by the Borrower with the Lender for operating the LOC Facility or with any another branch of the Lender as the Lender may permit.
2. Credit for deposits other than cash shall be as specified in the Operation and Verification of Account Agreement between the parties.
3. Subject to any requirements to the contrary all payments received under this Agreement shall be applied,
 - a. first to the payment of fees, costs and expenses payable by the Borrower under this Agreement;
 - b. second to the payment of compound interest and current interest charges; and
 - c. third to the payment of outstanding Overdraft amount.
4. The minimum monthly payment made by the Borrower shall not be less than an amount sufficient to pay the accrued interest, costs and charges.

10. Fees

1. Application Fee

In consideration of the provision of the LOC Facility, the Borrower shall pay the Lender a credit application fee of \$75.00.

2. Stand-By Fee

In consideration of the provision of the LOC Facility, the Borrower shall pay the Lender a monthly stand-by fee of \$15.00 for each month or part thereof during which the LOC Facility is available to the Borrower under this Agreement.

3. Annual Fee

In consideration of the provision of the LOC Facility, the Borrower shall pay the Lender an annual fee of \$100.00 for each year or part thereof during which the LOC Facility is available to the Borrower under this Agreement.

11. Cancellation of LOC Facility and Modification of Terms

The stand-by fee or interest rate variable or its premium may be varied or the terms and conditions of this Agreement may be added to, deleted or otherwise amended at any time by the Lender upon 30 days' written notice to the Borrower.

12. Pledge of Shares and Deposits

In addition to any other security given hereunder the Borrower

Line Of Credit Terms And Conditions (Cont'd)

pledges all shares, payments on account of shares and all term, savings and other deposits which it has or may have in the Lender as security for the repayment of the Overdraft, and the Lender is authorized to apply any such shares, payments on account of shares and deposits to repayment of the Overdraft.

13. Warranties of the Borrower

The Borrower expressly warrants as follows:

1. Where the Borrower is a corporation, that it is duly incorporated and organized and is a subsisting corporation, and has all requisite powers, capacities, licences and permissions under its governing legislation and the other laws applicable to it, and under its articles of incorporation, by-laws and governing resolutions to,
 - a. own the assets which the Borrower has represented as belonging to the Borrower in any financial statement or representation made by the Borrower to the Lender,
 - b. carry on all businesses in which the Borrower is engaged,
 - c. enter into, exercise its rights and perform and comply with its obligations under the Agreement,
 - d. and that all actions, conditions and things have been done, taken or fulfilled with respect thereto, that are required by law, contract or otherwise.
2. The Borrower is not a party to any agreement under the terms of which the Borrower is prohibited or restricted from entering into any of the obligations assumed, liabilities imposed, or restrictions accepted by the Borrower under this Agreement.
3. No encumbrance exists on or over any of its assets or revenues or the assets or revenues of any of its subsidiaries, except as disclosed in writing to the Lender and accepted in writing by the Lender.
4. The Borrower's line of credit application is complete and accurate in all material respects.
5. No litigation, arbitration or administrative proceeding is current or pending, so far as the Borrower is aware, in respect of the Borrower or any of its subsidiaries, which appears reasonably likely to have a materially adverse effect on the Borrower and its subsidiaries taken as a whole.
6. No event of default has occurred since the date on which the Borrower applied for the line of credit, or appears reasonably likely to occur as of the date of this Agreement.
7. Where the Borrower is a corporation, partnership, sole proprietor or unincorporated association engaged in business of any kind, to the best of the Borrower's information and belief and after making diligent inquiries,
 - a. the information concerning the business, affairs and financial and other conditions of the Borrower that are contained in all documents, memoranda, records, statements made, sent or given by the Borrower to the Lender during the course of the negotiation of this Agreement, its application for a credit facility of any kind with the Lender, or in connection with the renewal of this Agreement, and in its current regulatory filings (if any), are true and accurate in all material respects; and
 - b. the Borrower is not aware of any material facts or circumstances which have not been disclosed.
 - c. there are no outstanding judgments, writs of execution, work orders, injunctions, or administrative or regulatory directives against the Borrower or any of the Borrower's assets that might reasonably be seen to have a materially adverse impact upon the Borrower's prospects or condition of those assets.
8. All information provided to Northern Credit Union, including the credit application constituted by the personal net worth statement, and any other materials supplied in support of these credit facilities are complete and accurate in all material respects.
9. If default shall be made in the due and punctual payment to the Lender of any principal or any payment due under this commitment letter or Security Documents and such default shall have continued for a period of four (4) days after a notice of such default from the Lender:
10. If any representation, warranty or statement of fact of the Borrower customarily found in the Lender's Security Documents and any additional representations and warranties appropriate in the context of the proposed transaction, shall prove to have been untrue or incorrect in any material respect on the date of which it was made and such default shall have continued for a period of seven (7) days after notice from the Lender.
11. If any adverse change occurs in the environmental condition of any of the real property, equipment or business of the Borrower or of the Guarantor of the Borrower.

14. Covenants of the Borrower

The Borrower covenants and agrees with the Lender that as long as the Overdraft is outstanding, it shall:

- a. pay all amounts owing (including interest, costs and other charges) under this Agreement and any other credit facility agreement between the Borrower and the Lender, and to remain a Borrower of the Lender;
- b. refrain from and prevent waste from being committed on or against the Borrower's assets (reasonable wear and tear excepted), and maintain the Assets in good order and repair;
- c. observe all laws and conform to all valid requirements of any governmental authority with respect to all or any part of its business and assets, and all covenants, terms and contracts upon or under which any of the Borrower's assets are held, and all terms and conditions relating to any franchise or licence held by the Borrower and required in connection with the Borrower's operations;
- d. notify the Lender of any change in the information contained in any line of credit application completed by the Borrower with respect to this line of credit;
- e. use the funds available to the Borrower under this Agreement for lawful purposes and only in accordance with the terms and restrictions set out in any agreement relating thereto between the Borrower and the Lender, provided that the fact that an amount is used for a purpose other than as permitted under this subsection shall not affect the obligation of the Borrower to repay that sum, but shall constitute a default under this Agreement.
- f. not create or permit or allow any of its subsidiaries to create or permit any mortgage, charge, lien or other security interest in any or all of its assets unless, simultaneously with the grant of that security interest, provision is then made to secure the amounts owing under this Agreement equally and ratably with the indebtedness to which that security interest relates, but this clause shall not apply in the case of,
 - i. cash or government or other securities deposited in the ordinary course of business in connection with contracts, bids, tenders or given in the ordinary course of business to a public utility, municipality or other governmental authority in connection with the operations of the Borrower;
 - ii. undetermined or inchoate liens or other charges that arise by operation of law and that are incidental to the construction of improvements to real property, the repair of personal property,

Line Of Credit Terms And Conditions (Cont'd)

or any part of the operations of the Borrower or a Subsidiary, provided that all payments by the Borrower or subsidiary, as the case may be, are being made when due and in accordance with applicable legislation;

- iii. security interests granted to secure the purchase price of the asset against which the security interest is granted.

15. Default

The following are acts or events of default for which the Lender may exercise its rights hereunder or at law:

- a. where the Borrower defaults in the payment of any amount owed by it to the Lender including any interest chargeable thereon, or if the Borrower defaults in the observance or performance of anything required to be done by this Agreement, or under any other agreement with the Lender and such default shall have continued for a period of four (4) days after a notice of such default from the Lender;
- b. where any formal or informal proceeding for the dissolution of, liquidation of, or winding up of, the affairs of the Borrower is instituted by or against the Borrower, or where a resolution is passed or any other act undertaken for the winding up of the Borrower, or where the Borrower ceases or threatens to cease to carry on its business, or where the Borrower makes or agrees to make a bulk sale of its assets, or where the Borrower sells, assigns, pledges or otherwise disposes of or deals with the whole or any part of the Borrower's assets other than in the ordinary course of business;
- c. where proceedings are taken to enforce any other encumbrance on any assets over which a security interest in respect of the LOC Facility has been given by the Borrower;
- d. where the Borrower is adjudged bankrupt or becomes insolvent, or a petition in bankruptcy is filed against the Borrower, or where the Borrower makes an assignment for the general benefit of creditors, or where proceedings of any type are instituted in any jurisdiction in respect of the alleged insolvency or bankruptcy of the Borrower;
- e. where on reasonable grounds the Lender believes that any assets over which a security interest in respect of the LOC Facility has been given by the Borrower, are in danger of being damaged, sold or removed or that any of the events described in this subsection is about to occur or is likely to occur
- f. where any guarantor of the Borrower is adjudged bankrupt or becomes insolvent, or a petition in bankruptcy is filed against the guarantor, or where the guarantor makes an assignment for the general benefit of creditors, or where proceedings of any type are instituted in any jurisdiction in respect of the alleged insolvency or bankruptcy of the guarantor;
- g. where any certificate, statement, representation, warranty or audit or accountant's report made in connection with this Agreement or any agreement between the Borrower and the Lender as an inducement to the Lender to enter into a lending transaction, was false or misleading in any material respect at the time of its making, or where any material fact which ought to have been disclosed in the certificate, statement, representation, warranty or audit or accountant's report was not disclosed, or where the Borrower fails to inform the Lender forthwith of any such material fact.

16. Remedies

- a. After an event of default has occurred as provided for above, the Security Documents shall become immediately enforceable and the Lender shall have the rights, powers and remedies set forth in the Security Documents. The Lender shall have, in addition to the rights, powers and remedies given them by this commitment letter or any other agreement, instrument or document delivered

by the Borrower pursuant hereto or in connection herewith and the security, all those rights, powers and remedies allowed by applicable laws.

- b. The Lender is authorized (but not obligated), at any time without notice, to apply the credit balance (whether or not then due) to which the Borrower is then beneficially entitled, in any amount in or towards the satisfaction of the obligation and liabilities of the Borrower due to the Lender under this commitment letter or the loan agreements.

17. Costs of the Lender

1. The Borrower shall pay to the Lender forthwith upon demand all costs, charges and expenses (including legal fees and disbursements on substantial indemnity basis) of or incurred by the Lender in connection with,
 - a. the preparation or execution of this LOC Facility or the perfection of any security interest given by the Borrower in respect of the LOC Facility;
 - b. the delivery of any notice or document required under the terms of this Agreement or by law; and
 - c. any cost incurred by the Lender in respect of the recovery of funds or enforcement of payment of the Overdraft and interest, including costs, charges and expenses in connection with taking possession, protecting, preserving, collecting and realizing upon any part of the assets together with interest thereon at the rate provided in this Agreement from the date of incurring such costs, charges and expenses to the date of payment.
2. In addition to any interest payable in accordance with this agreement the Borrower agrees to pay to the Lender on demand all legal fees and other costs or expenses incurred in connection with or arising out of the operation of the LOC Facility, and such expenses, fees or charges shall be charged to the Borrower whether or not this creates or increases any indebtedness or creates an overdraft with the Lender;
3. The Borrower shall remain liable to the Lender in respect of each amount charged under subsections (1) and (2).

18. Security Agreement

The LOC Facility shall be secured by a General Security Agreement in the standard form of the Lender and such other security as may be required by the Lender from time to time.

19. Further Assurances

The Borrower shall draw, execute and deliver at its own expense, all such instruments and documents, and do all such acts and things as the Lender may from time to time reasonably consider necessary or advisable for the purpose of carrying out the intent and provisions of this Agreement including the granting of new, amended or additional security.

20. Guarantor

In consideration of the Lender extending a LOC Facility to the Borrower the named Guarantor unconditionally guarantees and covenants with the Lender that the Borrower will duly and punctually pay or cause to be paid the Overdraft, interest and costs in respect of the LOC Facility (including in the case of default, interest on the amount in default) as and when the same shall from time to time become due and payable, in accordance with terms hereof. The obligation of the Guarantor shall be a continuing obligation and a fresh cause of action under this agreement shall be deemed to arise in respect of each default. The liability of the Guarantor shall be joint and several with the liability of the Borrower.

21. Acceleration

In the event there is any act or event of default by the Borrower or the

Line Of Credit Terms And Conditions (Cont'd)

Guarantor under the terms of this commitment Letter, or any Security Agreement or Loan Document, then the full amount of this Credit Facility including principal, any interest, compound interest and costs shall forthwith become due and payable in full.

22. Cross-Default

The Credit Facility shall be in default where there is a default by the Borrower in the performance of any obligation under a loan agreement, conventional charge or mortgage, or other credit facility, agreement or guarantee between the Borrower and the Lender or between any Guarantor of the Borrower and the Lender, whether or not in that person's capacity as a Guarantor of the Borrower.

23. Credit Reporting

The Borrower and/or Guarantor consents to the Lender obtaining from any credit reporting agency or from any person such information as the Lender may require from time to time, and consents to the disclosure at any time of any information concerning the Borrower and/or Guarantor to any credit grantor with whom the Borrower and/or Guarantor has financial relations or to any direct reporting agency.

24. Time is of the Essence

In all respects time shall be and remain of the essence.

25. Counterparts

This Line of Credit Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

26. E-mail and Fax Transmission

The Lender is entitled to rely on any agreement, document, instrument, report or certificate provided to the Lender by the Borrower or any Guarantor by way of e-mail or fax transmission as though it were an originally signed agreement, document, instrument, report or certificate. The Lender is further entitled to assume that any communication from the Borrower or any Guarantor received by e-mail or fax transmission is a reliable communication from the Borrower or Guarantor.

27. Electronic Imaging

The parties hereto agree that, at any time, the Lender may convert paper records of this commitment letter and all other documentation delivered to the Borrower (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Lender's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record."

28. Term of Agreement

1. The term of this Agreement shall be for one year from the date of this Agreement but that term shall be automatically extended for further periods of one year, unless at least 30 days prior to an expiration date, a party to this Agreement gives the other party written notice of the termination of this Agreement, and where any such notice is given
 - a. all amounts owing under the LOC Facility shall be due and payable on that expiration date or such later date as may be specified in the notice, and
 - b. the obligation of the Lender under this Agreement shall terminate as of that date.
2. Despite subsection (1) the Lender may at its sole discretion and option review annually the financial position of the Borrower and /or Guarantor and based on its findings may extend, renew, terminate or vary the LOC Facility based on its findings.

3. Nothing in this section shall be construed as to restrict the right of the Lender to demand payment under the LOC Facility for any default of the Borrower as set forth in this Agreement.

29. Account Records

The records and books maintained by the Lender in the usual and ordinary course of its business that touch or concern the state of accounts between the parties hereto shall be prima facie evidence of the true state of accounts between the parties for all purposes including litigation.

30. Joint and Several Liability

1. Where more than one Borrower signs this Agreement, the liability of each shall be joint and several.
2. Where there is a Guarantor or Guarantors, the liability of the Guarantor or Guarantors shall be joint and several with the liability of the Borrower.

31. Notices

1. Any notice, instruction or document required or permitted to be given or served by law or by this Agreement may be given personally or by telex or fax (where the intended recipient is equipped to receive such a form of telecommunication) or by prepaid courier or regular mail, to the intended recipient
 - a. where given by the Lender, at the last address of the Borrower according to the records of the Lender; and
 - b. where given by the Borrower, at the branch at which the designated account is located; and
 - c. either party may by notice given in accordance with this subsection change its address for the purposes of this subsection.
2. Any notice shall be deemed (in the absence of evidence of prior receipt) to have been received by the intended recipient the same day if personally served, the next business day if sent by telex or fax, and on the fifth business day next following where sent by mail or courier.

32. Amendments

This Agreement shall not be deemed to be or construed as having been amended as a result of any oral communication between the parties or as a result of any practice of the parties, but all amendments to this Agreement shall be in writing and shall be signed by both parties, provided that any such agreement may be executed in counterpart form.

33. Rights and Obligations of Successors

All rights of the Lender hereunder shall enure to the benefit of its successors or assigns and all obligations of the Borrower shall bind the Borrower's heirs, executors and administrators and its successors and assigns.

34. Operation and Verification of Account Agreement

This Agreement references an Operation and Verification of Account Agreement entered into between the parties with respect to the account of the Borrower, but where there is a conflict between the two Agreements, the terms and conditions of this Agreement shall prevail.

35. Interpretation

1. In this Agreement,
 - a. a word importing the masculine, feminine or neuter gender only includes Borrowers of the other genders;
 - b. a word defined in or importing the singular number has the same meaning when used in the plural number, and vice versa;
 - c. a reference to any Act, by-law, rule or regulation or to a provision thereof shall be deemed to include a reference to

Line Of Credit Terms And Conditions (Cont'd)

- any Act, by-law, rule or regulation or provision enacted in substitution therefore or amendment thereof; and
- d. the headings to each section are inserted for convenience of reference only and do not form part of the Agreement.
 - e. the terms of paragraph 14 shall be in addition to and not in substitution for any other Guarantee executed by the Guarantor in respect of the obligations of the Borrower to the Lender.
2. Where in this Agreement more than one person or entity is named and signs as the Borrower, each such person or entity shall be jointly and severally liable to the Lender for all obligations, debts and liabilities incurred under this Agreement.