

MORTGAGE

Land Titles Act (Alberta)

DATED: November 2, 2017

RECITALS.

A. Cielo Waste Solutions Corp. (the "**Mortgagor**") is the registered owner of an estate in fee simple of the lands charged hereunder, as more particularly described in Schedule A.

B. *Name Redacted* (the "**Mortgagee**") has agreed to lend amounts from time to time up to the Principal Sum, as defined below, to the Mortgagor.

C. As security for repayment of the Principal Sum together with interest and performance of the covenants contained herein, the Mortgagee has agreed to grant this Mortgage in favour of the Mortgagor.

NOW THEREFORE THIS MORTGAGE WITNESSES THAT, in consideration of the Mortgagee advancing the Principal Sum to the Mortgagor and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Mortgagor covenants as follows.

ARTICLE 1

1.1 Definitions

In this Mortgage, unless the context otherwise requires, the following capitalized terms shall have the following meanings.

- (a) "**Advance Date**" means the date the Principal Sum or any portion thereof is advanced to the Mortgagor.
- (b) "**Assignment**" has the meaning given thereto in Section 7.1 hereof.
- (c) "**Business Days**" means any day other than a Saturday, a Sunday or a day on which commercial banks in Calgary, Alberta are required or authorized to be closed or are in fact closed.
- (d) "**Event of Default**" has the meaning given thereto in the Loan Agreement.
- (e) "**Interest Rate**" means the rate of twelve percent (12%) per annum, calculated on the basis of a year of 360 days, or such other rate as is specified in the Loan Agreement.
- (f) "**Lands**" means collectively, those parcels of land legally described in Schedule A, together with all improvements of every kind whether or not affixed thereto, including without limiting the generality of the foregoing, all buildings, erections, improvements, machinery and plant, furnaces, boilers, elevators, escalators, mobile homes, plumbing, air conditioning, ventilating, refrigerating equipment, water heaters, wall to wall carpeting, plate glass, storm doors, storm windows, screens and screen doors and all apparatus and equipment appurtenant thereto whether movable or stationary, with all proper, usual and necessary gears, tools, accessories, equipment and appliances, which are now or may hereafter be placed or installed thereupon, subject however to the Permitted

Encumbrances, or such other encumbrances as may be agreed to in writing by the Mortgagee from time to time.

- (g) "**Leases**" means the licences, rental agreements, agreements to lease, leases and subleases in respect of premises, as amended from time to time, located on or forming part of the Lands.
- (h) "**Loan Agreement**" means the loan agreement made effective as of the 2nd day of November 2017, between the Mortgagor, as borrower, 1888711 Alberta Inc., as guarantor, the other guarantors from time to time party thereto, and the Mortgagee, as lender.
- (i) "**Maturity Date**" means June 1, 2022.
- (j) "**Mortgage**" means this mortgage together with all recitals and attached schedules.
- (k) "**Mortgage Monies**" means the Loans and the Secured Obligations with interest thereon at the Interest Rate together with all other monies secured by this Mortgage, including without restriction, any advances, fees or expenses made or incurred by the Mortgagee in accordance with Section 5.5.
- (l) "**Mortgagee**" has the meaning given thereto in the Recitals and includes its successor or successors.
- (m) "**Mortgagee's Address**" means *Address Redacted*, or such other address as the Mortgagee may from time to time direct.
- (n) "**Mortgagor**" has the meaning given thereto in the Recitals and includes its successor or successors.
- (o) "**Permitted Encumbrances**" has the meaning ascribed thereto in section 4.1(c).
- (p) "**Principal Sum**" means the sum of THREE MILLION FIVE HUNDRED THOUSAND (\$3,500,000.00) in lawful money of Canada.
- (q) "**Prior Charge**" means any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may acquire priority to this Mortgage.
- (r) "**Real Estate Taxes**" means all taxes, local improvement charges, rates, assessments, levies, liens and penalties which are now or may hereafter be imposed or charged or be chargeable against or payable in respect of the Lands and shall include any levy or mortgage tax or principal and interest tax imposed or which may be imposed on this Mortgage or on the Mortgagee in respect of this Mortgage or on the monies secured by this Mortgage or on the Lands, but shall exclude income taxes.
- (s) "**Receiver**" means any person or persons appointed by the Mortgagee in accordance with Section 6.1 and includes a receiver, and a receiver and a manager.

1.2 Undefined Terms

Capitalized terms used but not specifically defined in this Mortgage shall have the meanings given thereto in the Loan Agreement unless the context otherwise requires.

ARTICLE 2

2.1 Repayment

- (a) The Mortgagor grants this Mortgage to the Mortgagee as security for payment and satisfaction to the Mortgagee on its due date of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Mortgagor to the Mortgagee or remaining unpaid by the Mortgagor to the Mortgagee heretofore or hereafter incurred or arising, including under the Loan Agreement or any other Loan Documents, and it is agreed that this Mortgage at any one time will secure only that portion of the aggregate principal component of the liabilities outstanding at such time which does not exceed the Principal Sum, together with interest, costs and expenses that may be outstanding from time to time and owing by the Mortgagor to the Mortgagee.
- (b) The term of this Mortgage shall be for a period commencing on the Advance Date and ending on the Maturity Date.
- (c) The Mortgagor will pay to the Mortgagee the Mortgage Monies in accordance with the Loan Agreement.
- (d) The Mortgagor will pay to the Mortgagee on the Principal Sum outstanding or so much thereof as may remain from time to time unpaid at the Interest Rate, with interest on overdue interest and on all amounts charged hereunder at the Interest Rate.
- (e) The Mortgagor may prepay the Mortgage Monies in accordance with the terms of the Loan Agreement.

2.2 Continuing Security

This Mortgage shall operate until all Mortgage Monies have been fully paid to the Mortgagee and all other obligations of the Mortgagor under the Loan Agreement have been performed, each in the manner contemplated by this Mortgage and such Loan Agreement.

ARTICLE 3

3.1 Insurance

- (a) The Mortgagor shall insure the Lands to the extent of the full insurable value thereof, or as is sufficient to protect the Mortgagee as the Mortgagee may reasonably request with a company or companies approved by the Mortgagee, acting reasonably, against:
 - (i) loss or damage by fire, windstorm, flooding, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage, and

- (ii) to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam and/or any closed circulation hot water system and/or any pressure vessel or by the escape of water from any sprinkler system or other piping within or operated upon the Lands, such policies of insurance to contain the usual "Extended Coverage" and "Replacement Cost" endorsements.
- (b) The Mortgagor will maintain:
 - (i) general comprehensive liability insurance against claims for personal injury, death or property damage occurring on or about their respective parcels of land comprising the Lands, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require, and
 - (ii) rental or business interruption insurance in such amounts as the Mortgagee may require, acting reasonably.
- (c) All policies of insurance required pursuant to this Section 3.1 shall, as applicable, name the Mortgagee as an additional insured and first loss payee.
- (d) The Mortgagee may, upon the occurrence of an Event of Default, effect such insurance as is required by the Mortgagee at the sole cost and expense of the Mortgagor, such cost to be added to the Principal Sum and bearing interest at the Interest Rate.
- (e) The Mortgagor will not do or permit anything to be done whereby the said policy or policies of insurance may be voided. The Mortgagor will pay all premiums and sums of money necessary for maintaining such insurance as aforesaid, as the same become due, and will assign and deliver unto the Mortgagee, on request by the Mortgagee, the policy or policies of insurance and the receipt or receipts relating thereto.
- (f) The policies of insurance shall, to the extent applicable, bear endorsements in a form satisfactory to the Mortgagee making all proceeds thereunder payable to the Mortgagee. All policies of insurance shall contain the Insurance Bureau of Canada standard mortgage clause.
- (g) The policies of insurance and renewals thereof, if applicable, shall be delivered to the Mortgagee at such times as are requested by the Mortgagee, and, in particular, evidence of renewal shall be delivered to the Mortgagee promptly and in any event, not less than thirty (30) Business Days prior to expiration of the insurance policies.
- (h) The Mortgagee may require any such insurance to be written by insurance companies acceptable to it, and may, at its option, require the Mortgagor to cancel existing policies and require that new insurance be effected if the Mortgagee, acting reasonably, determines that the insurer of the Mortgagor is not acceptable. If the Mortgagor fails to insure or fail to deliver policies or renewals thereof to the Mortgagee as herein provided, the Mortgagee may effect and maintain any insurance herein provided for. Any amount paid by the Mortgagee in respect thereof shall be payable by the Mortgagor to the Mortgagee forthwith on demand, and shall be added to the Principal Sum and shall bear interest at the Interest Rate until payment is received by the Mortgagee. However, nothing set out herein shall obligate the Mortgagee to obtain or maintain insurance on the Lands.

- (i) 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 monies, and all monies received by virtue of any insurance policies may at the option of the Mortgagee:
 - (i) be forthwith applied in or towards substantially rebuilding, reinstating and repairing the Lands, or
 - (ii) be paid over in whole or in part to the Mortgagor but no such payment shall operate as payment or a novation of the indebtedness of the Mortgagor hereunder or as reduction of this Mortgage, or
 - (iii) be applied partly in one way and partly in another as the Mortgagee in its sole discretion may determine,

notwithstanding any law, equity or statute to the contrary, including without restriction the *Insurance Act* (Alberta) and *The Fire Prevention (Metropolis) Act 1774* (14 Geo. 3 C.78), all rights and benefits of the Mortgagor thereunder being hereby expressly waived. Pending application of the insurance monies for the purpose aforesaid, the same shall be deemed to form part of the Lands and be subject to the charge hereby created.

- (j) The Mortgagor hereby constitutes and appoints the Mortgagee as their attorney for the purpose of demanding, recovering and receiving payment of any and all insurance monies to which it may be or may become entitled. Without limiting the generality of the foregoing, the Mortgagee may, in the name of the Mortgagor:
 - (i) file proofs of claim with any insurer who shall insure the Lands,
 - (ii) settle or compromise any claim for insurance proceeds in respect of the Lands,
 - (iii) commence and prosecute any action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands, and
 - (iv) settle or compromise any such action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands.;

Notwithstanding anything herein contained it shall remain the responsibility of the Mortgagor to demand, recover and receive such payment and nothing herein shall render the Mortgagee liable to the Mortgagor for any act done by it in pursuance of the power of attorney hereby granted or for its failure to do any act or take any step.

3.2 Payment of Real Estate Taxes

The Mortgagor shall pay as they become due all Real Estate Taxes.

3.3 Maintenance and Repair of the Lands

- (a) The Mortgagor will not commit any waste upon the Lands nor do or permit to be done any act which may impair the value thereof.

- (b) The Mortgagor will take good and reasonable care of all buildings, structures and improvements now or hereafter from time to time erected on the Lands and without cost and expense to the Mortgagee will manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly will make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other improvements, fixtures, machinery, facilities and equipment that belong to or are used in connection with the Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements except as and when such damage would be ordinarily repaired by a prudent owner.
- (c) The Mortgagee by its agents, solicitors or inspectors may enter upon the Lands at any reasonable time to view the state of repair.
- (d) Should, in the opinion of the Mortgagee, the Lands not be in a proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of twenty (20) Business Days and if the Mortgagor has not complied or is not in the process of diligently complying with such requisition within the said time period, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or contractors who may enter upon the Lands for the purpose of doing such work with or without the concurrence of the Mortgagor. The cost of such repairs and replacements shall be paid for by the Mortgagor upon demand and until paid shall be secured by this Mortgage, bear interest at the Interest Rate and be a charge upon the Lands. Provided always, that should the Lands be occupied by a tenant or tenants who are failing to properly maintain and repair the same and the Mortgagee in its sole discretion deems it necessary to enter upon the Lands in order to properly maintain and preserve its security, then in such event, the Mortgagee shall be entitled to so enter and such action by the Mortgagee shall not constitute it a mortgagee in possession nor liable as such.

3.4 Alterations or Additions

The Mortgagor shall not make, or permit to be made, any alterations or additions in the Lands which would reduce, or could reasonably be expected to reduce, the value thereof without the prior written consent of the Mortgagee.

3.5 Hazardous Substances

The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that:

- (a) it shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Lands otherwise than in accordance with Applicable Law;
- (b) it shall not allow the Lands to be utilized in any manner in contravention of any Applicable Law intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (c) to the extent that Hazardous Substances are, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:

- (i) comply with, or cause to be complied with, all Applicable Law and regulations relating to the use, storage and disposal of the Hazardous Substances,
 - (ii) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all Applicable Law and regulations, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor; and
- (d) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
- (i) maintain and repair such storage tanks in a manner satisfactory to the Mortgagee, and
 - (ii) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.

3.6 Indemnity

In addition to and not in substitution for any other indemnity granted by the Mortgagor in favour of the Mortgagee under any Loan Document or otherwise, the Mortgagor hereby indemnifies and save harmless the Mortgagee and its successors and assigns from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor-client basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (c) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee, which at any time or from time to time may be paid, incurred or asserted against the Mortgagee

as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the termination, expiration satisfaction, release or enforcement of this Mortgage and the full repayment of the Mortgage Monies.

ARTICLE 4

4.1 Representations and Warranties

The Mortgagor represents and warrants to the Mortgagee that:

- (a) the Mortgagor has good title to their respective parcels of land comprising the Lands;

- (b) the Mortgagor has the right to mortgage their respective parcels of land comprising the Lands;
- (c) on default, the Mortgagee shall have quiet possession of the Lands, free from all encumbrances, except for the permitted encumbrances listed in Schedule A (the "Permitted Encumbrances");
- (d) the Mortgagor will execute such further assurances with respect to the Lands as may be required by the Mortgagee; and
- (e) the Mortgagor has done no act to encumber the Lands in priority to this Mortgage, except for the Permitted Encumbrances and shall cause any encumbrances, other than the Permitted Encumbrances, to be discharged within a reasonable time from the date hereof.

ARTICLE 5

5.1 Default

Upon the occurrence of an Event of Default and in addition to any of the Mortgagee's rights and remedies under the Loan Documents or Applicable Law:

- (a) the Mortgagee may, at its option, and 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 any covenant, agreement, proviso or stipulation contained herein or contained in each Loan Agreement;
- (b) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Lands and a solicitor to examine and report upon the title to the same, all at the expense of the Mortgagor;
- (c) the Mortgagee may enter into possession of the Lands, either by itself or its agent, and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Lands or any part thereof for such terms, periods, and at such rent as the Mortgagee shall think proper;
- (d) it shall be lawful for, and the Mortgagor does hereby grant full power, right and license to, the Mortgagee to enter, seize and distrain upon the Lands or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the Mortgage Monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (e) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor; and
- (f) the exercise or the attempted exercise of one or more of the Mortgagee's rights or remedies hereunder shall not affect, delay or prejudice any other rights or remedies nor operate as a waiver thereof, and any or all of the said rights or remedies may be exercised concurrently or successively.

5.2 No Merger

The taking of a judgment or judgments on any covenant contained herein or in any Loan Document or on any covenant which is set forth in any other security for payment of the Mortgage Monies or performance of the obligations hereby secured shall not operate as a merger of such covenant or affect the Mortgagee's right to interest at the Interest Rate set forth herein on any monies which are owing to the Mortgagee and such judgment shall provide that interest thereon shall be computed at the Interest Rate in the same manner as provided for herein until the judgment has been paid in full.

5.3 Release

The Mortgagee may at any time release any part of the Lands, or any of the covenants and agreements herein contained either with or without any consideration therefor, and without being accountable either for the value thereof or for any money except that which is actually received, and without thereby releasing or affecting any other of the Lands or any of the other covenants or agreements herein contained or releasing any guarantor of any other security.

5.4 No Obligation to Advance

Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the Mortgage Monies shall bind the Mortgagee to advance the Principal Sum or any un-advanced portion thereof, but nevertheless this Mortgage shall take effect forthwith on its execution and if the Principal Sum or any part thereof shall not be advanced as of the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf 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. In all events, the advance of the Mortgage Monies or any part thereof from time to time shall be in the sole, absolute, unfettered and unqualified discretion of the Mortgagee.

5.5 Additional Charges

All monies expended by the Mortgagee (with or without the knowledge, consent, concurrence or acquiescence of the Mortgagor) in relation to:

- (a) solicitor's, inspector's, valuator's and surveyor's fees and expenses for drawing and registering this Mortgage;
- (b) examining the Lands and the title thereto;
- (c) making or maintaining this Mortgage as a valid and subsisting charge on the Lands;
- (d) principal, insurance premiums, Real Estate Taxes, rates, or any Prior Charge;
- (e) maintaining, repairing, restoring or completing the Lands;
- (f) any actions, inspections, expenses or costs of the Mortgagee (or for which the Mortgagee is responsible) taken, ordered or incurred upon the occurrence of an Event of Default;
- (g) inspecting, leasing, managing, or improving the Lands, including the price or value of any goods of any sort or description supplied to be used on the Lands;

- (h) enforcing, attempting to enforce or in pursuance of any right, power, remedy or purpose under this Mortgage and, in particular, but without limiting the generality of the foregoing, in relation to any court proceedings initiated or defended by the Mortgagee in respect of this Mortgage; and
- (i) legal costs on a full indemnity solicitor-client basis (together with an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or servant of the Mortgagee) incurred or paid by the Mortgagee in relation to any of the above matters,

are to be secured hereby and shall be a charge on the Lands, together with interest thereon at the Interest Rate, and all such monies shall be repayable to the Mortgagee on demand following notice to the Mortgagor that such monies are owing, except as herein otherwise provided. It is the express intention and agreement of the Mortgagor and Mortgagee that the Mortgagor shall fully and totally indemnify the Mortgagee for all costs, expenses, charges and monies of any nature whatsoever either directly or indirectly arising out of or associated with this Mortgage.

5.6 Right of Subrogation

If the Mortgage Monies advanced hereunder or any part thereof are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of, stand in the position of and be entitled to all the equities of the party so paid whether such charge or encumbrance has or has not been discharged. 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 shall be final and binding on the Mortgagor.

5.7 Monies Received or Collected

The Mortgagee shall not be charged with any monies receivable or collectible out of the Lands or otherwise except those actually received. All revenue of the Lands received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be retained in a suspense account or used in maintaining or insuring or improving the Lands, or in payment of Real Estate Taxes or other charges against the Lands, or applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sums in a suspense account.

5.8 Discharge

The Mortgagor shall not be entitled to a discharge of this Mortgage until all of the Mortgage Monies and any interest owing thereon have been paid in full and all of the Mortgagee's and Mortgagor's obligations under the Loan Documents cease. The Mortgagee shall have a reasonable time after receipt of payment in full to prepare and to execute a discharge of this Mortgage. A tender of the Mortgage Monies shall not entitle the Mortgagor to immediately receive such discharge.

5.9 Exercise of Discretion

Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised by an executive officer of the Mortgagee, or by any officer or agent appointed by the Mortgagee for that purpose.

5.10 Default Under Prior Charge

If the Mortgagor defaults in the performance of the covenants, payments or conditions contained in any Prior Charge then such default shall constitute a default hereunder and the Mortgage Monies shall, at the

option of the Mortgagee, become forthwith due and payable. In addition to any other rights or remedies available to the Mortgagee at law or pursuant to this Mortgage for any Event of Default, the Mortgagee shall be at liberty in the event of such default, but shall not be obligated, to pay any arrears or other sums payable under the Prior Charge, or pay off all or any portion of the principal and/or interest thereby secured. Any amounts so paid by the Mortgagee shall:

- (a) be added to the Mortgage Monies;
- (b) bear interest at the Interest Rate until paid;
- (c) be a charge upon the Lands; and
- (d) unless repaid to the Mortgagee upon demand, be recoverable from the Mortgagor in the same manner as if such sum had been originally advanced and secured hereby.

For the purposes of tendering any arrears or other sums payable to a holder of a Prior Charge, the Mortgagor hereby irrevocably appoints the Mortgagee its agent for such purpose and irrevocably directs the Mortgagee to tender such monies upon the holder of a Prior Charge, in the name of and on behalf of the Mortgagor. In this regard, the Mortgagor hereby assigns unto the Mortgagee their equity of redemption, if any, with respect to the said Prior Charge. It is the intention of the parties that the Mortgagee shall have the same rights and powers but not the liabilities as the Mortgagor under and pursuant to the terms of the Prior Charge so that the Mortgagee will be in a position to take whatever steps are necessary to bring the Prior Charge into good standing once a default has occurred thereunder. This assignment is not intended to encompass the entire interest of the Mortgagor in the said Prior Charge, but only to the extent hereinbefore stipulated. Nothing herein contained shall create an obligation upon the Mortgagee to cure any default on behalf of the Mortgagor.

5.11 Attornment

For better securing the punctual payment of the Mortgage Monies the Mortgagor hereby attorns and become tenant to the Mortgagee of the Lands. The legal relationship of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor. The Mortgagee may at any time after default hereunder enter upon the Lands, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit; but neither shall this clause nor anything done by virtue hereof render the Mortgagee a mortgagee in possession or accountable for any monies except those actually received.

ARTICLE 6

6.1 Appointment of Receiver

Upon the occurrence of an Event of Default, the Mortgagee may in writing appoint any person or persons, whether an officer or officers or employee or employees of the Mortgagee or not, to be a Receiver of the Lands and assets which are charged in favour of the Mortgagee and the rents and profits derived therefrom. The Mortgagee may remove any Receiver so appointed and appoint another or others in his or their stead. The following provisions shall apply to this paragraph.

- (a) A Receiver so appointed shall be conclusively the agent or agents of the Mortgagor and the Mortgagee shall be solely responsible for the acts or defaults and for the remuneration and expenses of the Receiver. The Mortgagee shall not be in any way responsible for any misconduct or negligence on the part of any Receiver and may, from time to time, fix the

remuneration of every Receiver and be at liberty to direct the payment thereof from proceeds collected.

- (b) Nothing contained herein and nothing done by the Mortgagee or by a Receiver shall render the Mortgagee a mortgagee in possession or responsible as such.
- (c) All monies received by the Receiver, after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver as hereinafter set forth, shall be paid by the Receiver to the Mortgagee and applied by the Mortgagee in accordance with the terms of this Mortgage.
- (d) The Receiver so appointed shall have power to:
 - (i) take possession of, collect and get in the property, rents and profits, charged by this Mortgage and any additional or collateral security granted by the Mortgagor to the Mortgagee and for that purpose to take any proceedings, be they legal or otherwise, in the name of the Mortgagor or otherwise;
 - (ii) carry on or concur in carrying on the business which the Mortgagor conduct on and from all or any of the Lands;
 - (iii) lease or re-lease all or any portion of the Lands and for this purpose to execute contracts in the names of the Mortgagor, which contracts shall be binding upon the Mortgagor;
 - (iv) improve, maintain, manage, operate, repair, renew, replace and restore the Lands or any part thereof; and
 - (v) surrender, rescind, vary or amend any lease or contract relating to the Lands and the operation thereof; and borrow money for the purpose of improving, maintaining, managing, operating, repairing, renewing, replacing or restoring the Lands or otherwise in such amount and in such manner as would, in the opinion of the Receiver, be sufficient for its purposes, on the security of the Lands and the assets charged by any additional or collateral security, and in doing so the Receiver may issue certificates which may be payable in a manner and which may bear interest at a rate determined by the Receiver and all amounts payable pursuant to such certificates shall form a charge upon the Lands in priority to this Mortgage.
- (e) The rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights which the Mortgagee may have from time to time.
- (f) The Mortgagor hereby irrevocably appoints the Mortgagee and any Receiver appointed as aforesaid to be its attorney in its name and on its behalf to execute and perform any conveyances, assurances and things which the Mortgagor ought to, or may be requested by the Mortgagee to, execute and perform under the covenants herein contained and generally to use the names of the Mortgagor in the exercise of any of the powers hereby conferred on the Mortgagee and any Receiver and, without limiting the generality of the foregoing, the Mortgagee and Receiver appointed as aforesaid are hereby appointed pursuant to section 115 of the *Land Titles Act* (Alberta) as the attorney of the Mortgagor

to execute and deliver, under the seal of the Mortgagor, or by the hand and under the seal of the Mortgagee or the Receiver, any and all transfers, deeds, mortgages, discharges, postponements and any and all other documents which the Mortgagee or the Receiver deem it expedient to execute or deliver. The Mortgagor shall, upon request from the Mortgagee, execute the form of Power of Attorney required by section 115 of the *Land Titles Act* (Alberta) in favour of the Mortgagee or any Receiver appointed by the Mortgagee, as requested by the Mortgagee, and shall register such Power of Attorney on the title to the Lands.

- (g) The Receiver appointed hereunder shall not be obligated to take possession or control of the whole of the businesses of the Mortgagor. Rather, the Mortgagee's right to appoint shall be restricted to the Lands and the rents, profits and any business deriving therefrom.

ARTICLE 7

7.1 Leases

The Mortgagor covenants and agrees:

- (a) to faithfully perform all of its covenants under all Leases, as lessor, which it may have undertaken or which it may undertake under any subsisting and future Leases affecting the Lands;
- (b) to neither do, neglect to do, nor permit to be done any act (other than pursuing the enforcement of the terms of a Lease in the exercise of its remedies as lessor thereunder following default on the part of any lessee in the performance of its prescribed obligations) which may cause the material modification or the termination of any Leases, or which may diminish or impair the value of any Lease, or the rents provided for therein;
- (c) to permit no assignment or subleasing of any Lease unless the right to sublet or assign under the said Lease is expressly reserved by the lessee;
- (d) it will not execute a mortgage or create or permit a lien which may be or become superior to any subsisting or future Leases affecting the Lands; and
- (e) in the ownership, operation and management of the Lands, to observe and comply with all applicable Federal, Provincial and local bylaws, statutes, ordinances and regulations, orders and restrictions including without limitation, all zoning and building codes affecting the Lands.

ARTICLE 8

8.1 Construction

In the event that the Mortgage Monies are to be advanced hereunder from time to time upon the progress of construction or demolition of a building or buildings being or to be erected or demolished upon the Lands, then, and in such event:

- (a) the building or buildings being erected or to be erected on the Lands form part of the security for the full amount of the Mortgage Monies;

- (b) the Mortgagor covenants:
 - (i) to only demolish any building or buildings or other improvements on the Lands in accordance with plans and specifications which are approved in writing by the Mortgagee, and
 - (ii) to carry on diligently to completion the construction, erection and/or demolition of the same, as the case may be;
- (c) the Mortgagee shall be at liberty, but shall not be obliged, to retain such sums as it may deem necessary as builders' lien holdbacks in the amount prescribed by the *Builders Lien Act* (Alberta) or other applicable legislation, which sums shall be held for such length of time, both during and after completion of the said building or buildings, as the Mortgagee may see fit;
- (d) the Mortgagee may pay any builders' liens which may exist or be claimed, and it shall not be liable or responsible to determine the validity or correctness of any such claim;
- (e) in the event that the Mortgagee should pay any such liens to an amount greater than the Principal Sum, such excess amounts so paid shall be added to the Principal Sum, shall bear interest at the Interest Rate and shall be repaid by the Mortgagor to the Mortgagee forthwith;
- (f) if the Mortgagor should fail in the erection, completion or demolition of the said building or buildings or should neglect to carry on the work of erecting, completing or demolishing same with reasonable diligence:
 - (i) the Mortgagee may, but shall not be obliged, without notice to the Mortgagor, enter upon the Lands and take possession thereof with power to carry on the erection, completion or demolition of the said building or buildings and with discretion to alter the plans and specifications if it deems necessary in order to complete the same,
 - (ii) if the Mortgagee should be unable properly to complete the same with the Mortgage Monies, the Mortgagee may in its sole discretion advance or lay out such further monies as may be so required and such further monies to be advanced or laid out by the Mortgagee shall be added to the Mortgage Monies and:
 - (A) be repaid by the Mortgagor to the Mortgagee forthwith on demand,
 - (B) accrue interest at the Interest Rate as if the money were interest in arrears until payment is received by the Mortgagee (such interest to run from the date of payment by the Mortgagee),
 - (C) be a charge upon the Lands until repaid with interest as aforesaid; and
- (g) if the Mortgagor should default in the erection, completion or demolition of the said building or buildings or in the event any lien is registered against the Lands, the whole of the Mortgage Monies shall, at the option of the Mortgagee, become due and payable.

ARTICLE 9

9.1 Expropriation and Condemnation

- (a) If the Lands or any part thereof are condemned under any power of eminent domain or are acquired by expropriation for any public use or quasi-public use, the damages, proceeds, consideration and award for such acquisition, to the extent of the full amount of the Mortgage Monies and obligations secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to the Mortgagee and its successors and assigns. If a portion only of the Lands are taken in the expropriation without resulting damage to the buildings and improvements or any part thereof, or if a portion of the Lands is taken in such expropriation proceedings with resulting damage to the buildings and improvements and the amount of the award made therein is based on a determination that the portion of the buildings and improvements remaining on the portion of the Lands not so taken can practicably be rehabilitated, then the provisions of this Mortgage relating to insurance proceeds in case of loss or damage shall apply to the award in the said expropriation and the same shall be applied accordingly.
- (b) The Mortgagor acknowledges that it is aware of the provisions of the *Expropriation Act* (Alberta), and any amendments thereto (dealing with the situation where, in the event of an expropriation of lands subject to a security interest, the amount owing to the security holder is greater than the market value of the interest in the expropriated land) and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof. In addition, the Mortgagor covenants to pay any difference between the Mortgage Monies and the monies paid by the expropriating authority to the Mortgagee together with interest thereon at the Interest Rate both before and after maturity, default and the obtaining of any judgment by the Mortgagee.
- (c) Notwithstanding the foregoing paragraphs 9.1(a) and 9.1(b), the Mortgagee shall be at liberty, at its sole option, to declare the whole of the Mortgage Monies as being immediately due and payable in the event that any portion of the Lands shall be the subject matter of an expropriation proceeding.
- (d) Any monies awarded by an order of any authority of court with respect to all or any part of the Lands to the extent of the full amount of the Mortgage Monies are herewith assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns.

ARTICLE 10

10.1 Interpretation

- (a) Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as include or includes or including), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

- (b) The respective successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained. The covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.
- (c) All headings used herein are used for convenience only and shall not be used to construe or interpret this Agreement. The terms this Mortgage, hereof, hereunder and similar expressions refer to this Mortgage and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Mortgage.

10.2 Renewal or Extension

In the event that the Mortgagee shall agree to renew or extend the term of this Mortgage, such renewal or extension agreement need not be registered against the title to the Lands, but the agreement shall be binding upon the Mortgagor, its assignees, and all subsequent mortgagees, encumbrancers or other parties claiming an interest in the Lands. Such agreement shall take priority as against such assignees and subsequent mortgagees, encumbrancers and other parties. It is expressly acknowledged that such agreement may increase the rate of interest chargeable hereunder.

10.3 Merger

The provisions of each Loan Document are not superseded by or merged in the execution or registration of this Mortgage and the provisions of each Loan Document shall remain in full force and effect until all of the conditions thereof to be observed and performed by the Mortgagor have been fully paid and satisfied.

10.4 Financial Records

The Mortgagor shall:

- (a) maintain proper records and books of account with respect to the revenues and expenditures in relation to the Lands;
- (b) permit the Mortgagee or any person appointed by the Mortgagee for that purpose to examine such records and books at all reasonable times, to make copies or extracts therefrom, in accordance with the Loan Documents; and
- (c) give to the Mortgagee all information with regard to the revenues and expenditures in relation to the Lands which the Mortgagee may reasonably require.

The Mortgagee shall at any time and from time to time at its own expense, be at liberty to have an audit made of the books and accounts of the Mortgagor, related to the operations with respect to the Lands, and for such purposes the Mortgagor shall make available to the Mortgagee and its accountants all books of account and records and all vouchers, books, papers and documents which may relate to the Lands.

10.5 Notices

- (a) All notices, requests, demands, pleadings, judicial documentation and any other communications required to be served or given by the terms of this Mortgage or by the *Rules of the Court* (Alberta), the *Judicature Act* (Alberta) and any amendments thereto, as a result of a default by the Mortgagor, including but not restricted to any Statement of Claim issued by the Mortgagee or a Mortgagee's Notice of Motion requesting enforcement of its rights hereunder, shall be sufficiently served if given in accordance with the Loan Agreement.
- (b) No want of notice or publication when required by this Mortgage or by any statute nor any impropriety nor irregularity shall invalidate any sale made or purported to be made under this Mortgage.

10.6 Receipt Acknowledged

The Mortgagor acknowledges receipt of a copy of this Mortgage.

10.7 Due on Sale

In the event that the Mortgagor shall sell, convey, transfer or assign (or purport to do so) its respective interest in the Lands to a purchaser, transferee or assignee without first obtaining the Mortgagee's consent in writing, then, at the Mortgagee's option, such sale, conveyance, transfer or assignment shall constitute an Event of Default. Such consent may not be unreasonably or arbitrarily withheld. Provided however, the Mortgagee may require, as one of the conditions of giving consent hereunder, that any such purchaser, transferee or assignee execute an assumption agreement in favour of the Mortgagee, to be prepared in a form satisfactory to the Mortgagee at the expense of the Mortgagor. In addition the Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder.

Any direct or indirect transaction or dealing whatsoever which affects the share structure or share ownership of the Mortgagor and which results in a change in control, either legal or beneficial, of the Mortgagor shall constitute an event as hereinbefore described such that the Mortgagee's prior written consent as aforesaid is to be obtained, failing which, such transaction shall, at the Mortgagee's option, constitute an Event of Default.

10.8 Assumption and Amendment

The Mortgagor, together with any other party who becomes liable hereunder, shall continue to be liable under this Mortgage until all of the Mortgage Monies have been paid in full.

10.9 Unenforceable Terms

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement.

10.10 Subsequent Encumbrances

The Mortgagor shall not grant any other financial encumbrance which charges the Lands without the prior written consent of the Mortgagee, which consent may be arbitrarily and unreasonably withheld.

10.11 Priority

- (a) Notwithstanding the form and terms of this Mortgage, (a) the Mortgagee shall not claim or realize an amount under or in respect of this Mortgage in excess of the aggregate obligations, from time to time, of the Mortgagor to the Mortgagee and (b) the provisions of this Mortgage are subject to the provisions of the Loan Agreement.
- (b) If there are any conflicts or inconsistencies between the terms of this Mortgage and the terms of the Loan Agreement, then the terms of the Loan Agreement shall govern in all respects to the extent necessary to eliminate such conflicts or inconsistencies.

10.12 Governing Law

This Mortgage is made under and shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable in the Province of Alberta, and shall enure to the benefit of the Mortgagor and their respective heirs, executors, administrators, successors and permitted assigns, as applicable, and shall be binding on the Mortgagee and its successors and permitted assigns. The parties hereto agree that any action arising under or in connection with this Mortgage or any other Loan Document shall be brought and maintained in the courts of the Province of Alberta.

10.13 Charge

For better securing to the Mortgagee repayment of the Principal Sum, interest and the Mortgage Monies, the Mortgagor hereby mortgages to the Mortgagee all of its right, title, estate and interest in the Lands.

[signature page follows]

IN WITNESS WHEREOF the Mortgagor has affixed its name and corporate seal, duly attested by its proper officer in that behalf, as of the date first written above.

CIELO WASTE SOLUTIONS CORP.

Witness
[Note: Witness not required if executed
under corporate seal.]

Per:



Name: CLAYTON DONALD ALLAN
Title: Director/President



Per:

Name:
Title:

SCHEDULE A

THE LANDS

PLAN 9812255

LOT 26

EXCEPTING THEREOUT ALL MINES AND MINERALS

PERMITTED ENCUMBRANCES

	Registration No.	Registration Particulars
1.	751 042 740	UTILITY RIGHT OF WAY GRANTEE - ALBERTA GOVERNMENT TELEPHONES
2.	981 247 498	CAVEAT RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL GOVERNMENT ACT CAVEATOR - THE MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
3.	981 247 502	UTILITY RIGHT OF WAY GRANTEE - THE MUNICIPAL DISTRICT OF FOOTHILLS NO. 31
4.	991 122 285	CAVEAT RE : RESTRICTIVE COVENANT