

GENERAL SECURITY AGREEMENTFORM 924 (5-97)
RETENTION - M**1. SECURITY INTEREST**

a. For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instrument, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- i. all inventory of whatever kind and whatever situate;
- ii. all equipment (other than Inventory) of whatever kind and whatever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- iii. all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- iv. all deeds, documents, writings, papers, books of account and other books relating to or being record of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- v. all contractual rights and insurance claims;
- vi. all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personal rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- vii. all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

b. The Security Interest granted hereby shall not extend or apply to an Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the name to any person acquiring such term.

c. The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(r), as amended from time to time, which Act, including amendments thereto and any Act substituted thereto is referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., and the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement. Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, whosoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

- a. the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;
- b. all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
- c. each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;
- d. the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment, and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations; and

c. the execution, delivery and performance of the obligations under the Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

a. to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

b. to notify RBC promptly of:

- i. any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- ii. the details of any significant acquisition of Collateral,
- iii. the details of any claims or litigation affecting Debtor or Collateral,
- iv. any loss or damage to Collateral,
- v. any default by any Account Debtor in payment or other performance of his/her obligations with respect to Collateral, and
- vi. the return to or repossession by Debtor of Collateral;

c. to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

d. to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

e. to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

f. to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor as insureds, as their respective interests may appear, and to pay all premiums therefor;

g. to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

h. to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

i. to deliver to RBC from time to time promptly upon request:

- i. any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- ii. all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- iii. all financial statements prepared by or for Debtor regarding Debtor's business,
- iv. all policies and certificates of insurance relating to Collateral, and
- v. such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor

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waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

a. Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

b. After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

a. Whether or not default has occurred, Debtor authorizes RBC:

- i. to receive any increase in profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- ii. To receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold such payment distribution as part of Collateral.

b. If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- a. the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;
- b. the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- c. the bankruptcy or insolvency of Debtor, the filing against Debtor of a petition in bankruptcy, the making of an assignment for the benefit of creditors by Debtor, the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against or against Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- d. the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- e. if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- f. if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- g. if any execution, equestrian, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;
- h. if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may

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now or hereafter be payable on demand.

13. REMEDIES

a. Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

b. Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

c. RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

d. In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

e. Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and delivery possession of Collateral at such place or places as directed.

f. Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposing of Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

g. RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A.

h. Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation and with full power of substitution and to do on Debtor's behalf anything that its required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

a. Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral) and records relating thereto are situated) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

b. Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

c. Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

d. RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors or Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

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e. No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

f. Debtor waives protest of any instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

g. This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

h. Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

i. Subject to the requirements of Clauses 13(g) and 14(j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

j. This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

k. The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

l. When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with and grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

m. In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

n. Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

o. The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

p. Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

i. shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

ii. shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

q. In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

r. This security agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Nova Scotia, as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

a. Debtor hereby acknowledges receipt of a copy of this Security Agreement.

b. Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies to all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

Collateral assigned as security for the present and future obligations however arising of

THE MARITIME BEER COMPANY INCORPORATED

(hereinafter called the "Customer") to ROYAL BANK OF CANADA (hereinafter called the "Bank"):

NUMBER OF SHARES OR AMOUNT OF BONDS, BILLS OR NOTES	DESCRIPTION OF SECURITY, INCLUDING NAMES OF OBLIGANTS ON BILLS OR NOTES
\$6,000,000.00	Fixed and floating charge Debenture dated of even date herewith issued by the Customer to and in favour of the Bank

For valuable consideration, receipt whereof is hereby acknowledged, the above collateral and all renewals thereof, substitution therefor and accretions thereto and all income from any of the foregoing (the whole hereinafter called the "securities") are hereby assigned to and are to be held by the Bank as general and continuing collateral security for the fulfilment of all obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Customer to the Bank, whether arising from agreement or dealings between the Bank and the Customer or from any agreement or dealings with any third person by which the Bank may be or become in any manner whatsoever a creditor of the Customer or however otherwise arising and whether the Customer is bound alone or with another or others and whether as principal or surety (hereinafter called the "obligations"). If the Customer fails to fulfil any of the obligations, the Bank may:

- (1) from time to time, sell at public or private sale or otherwise realize upon all or any of the securities for such price in money or other consideration and upon such terms and conditions as it deems best, the whole without advertisement or notice to the undersigned or others;
- (2) hold all income from the securities, and the proceeds of any collection or realization of the securities, after deduction of all expenses thereof, which with interest shall be borne by the undersigned, as security as aforesaid and/or applied against any of the obligations as the Bank deems best;
- (3) compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Customer and others and the securities and other securities as it sees fit without prejudice to any of its rights;
- (4) exercise all rights and powers and perform all acts of ownership in respect of the securities to the same extent as the undersigned might do and the undersigned shall forthwith repay all consequent outlay and expense with interest.

The Bank need not present, protest, give any notice in connection with, prevent outlawry of, collect, enforce or realize any of the securities and need not protect or preserve them from, and is hereby released from all responsibility for, any depreciation in or loss of value which they may suffer, and the Bank shall be bound to exercise in the keeping of the securities only the same degree of care as if they were the property of the Bank and it were keeping them at the branch of the Bank in which they are held. All claims, present or future, of the undersigned against any person liable upon or for the payment of any of the securities (including "Account Debtor") are hereby assigned to the Bank. The Bank may, at any time, direct any Account Debtor to make payment on any of the securities (other than equity securities or securities convertible into equity securities) to the Bank. The Manager for the time being of any branch of the Bank at which any of the securities may be kept is hereby appointed the irrevocable attorney of the undersigned, with full powers of substitution, from time to time to endorse and/or transfer the securities or of them to the Bank or its nominees. This shall be a continuing agreement and shall have effect whenever and so often as of the obligations exist.

This agreement and the security hereunder are in addition to and not in substitution for any other security held by the Bank and shall not operate as a merger of any simple contract debt or suspend the fulfilment of, or affect the rights, remedies or powers of the Bank in respect of, the obligations or any securities held by the Bank for the fulfilment thereof.

This agreement shall be binding upon the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned and shall enure to the benefit of the Bank and its successors and assigns.

The undersigned hereby acknowledges a copy of this agreement.

The undersigned has (have) expressly requested that this document be drawn up in the English language. Le soussigné(s) a(ont) expressément demandé que ce document soit rédigé en langue anglaise.

(Applicable in the Province of Quebec)

Dated at Dartmouth, Nova Scotia this 30th day of December, 1997.

THE MARITIME BEER COMPANY INCORPORATED

Per: 
President

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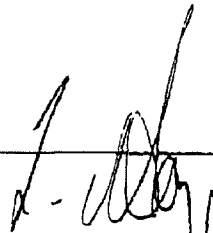
INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	DATE OF BIRTH YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	DATE OF BIRTH YEAR MONTH DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

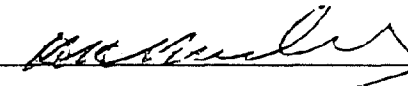
NAME OF BUSINESS DEBTOR The Maritime Beer Company Incorporated			
ADDRESS OF BUSINESS DEBTOR 111 Hsley Avenue, Suite 202	CITY Dartmouth	PROVINCE NS	POSTAL CODE B3B 1S8


IN WITNESS WHEREOF Debtor has executed this Security Agreement this December 30th 1997
(Month) (Day) (Year)

WITNESS 

WITNESS _____

The Maritime Beer Company Incorporated

 (seal)

 (seal)

** Carrying on Business as:

(Principal Address)

(City, Town, etc. & Province)

BRANCH ADDRESS Royal Bank of Canada, Business Banking Centre, 5161 George Street, Halifax, NS

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)

N/A

SCHEDULE "B"

1. Locations of Debtor's Business Operations

(a) 111 Hsley Avenue, Suite 202, Dartmouth, Nova Scotia B3B 1S8

(b) 612 Windmill Road, Dartmouth, Nova Scotia B3B 1B5

2. Locations of Records relating to Collateral (if different from 1. above)

N/A

3. Locations of Collateral (if different from 1. above)

N/A

SCHEDULE "C"
(DESCRIPTION OF GOODS)

N/A

HALIFAX COUNTY REGISTRY OF DEEDS		1176	6170	321-331
I certify that this document was registered as shown here.		Document #	Book	Pages
Conrad Doucet, Registrar		JAN 14 1998		149
		MM DD YYYY		Time

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\$6,000,000.00

DEMAND DEBENTURE

1. INDEBTEDNESS

1.1 The Maritime Beer Company Incorporated (hereinafter referred to as the "Company"), a corporation duly incorporated under the laws of the Province of Nova Scotia, having its Head Office in the City of Dartmouth, in the said Province, for value received, hereby promises to pay to or to the order of the **ROYAL BANK OF CANADA** (hereinafter referred to as the "Bank"), on demand, the principal sum of **SIX MILLION DOLLARS (\$6,000,000.00)** in lawful money of Canada, on presentation and surrender of this Debenture at the Branch of the Bank at 5151 George Street, Halifax, NS, or at such other place in Canada as the Bank may, in writing, direct.

2. INTEREST

2.1 The Company will pay, on demand, at the said place, interest on the said principal sum or the balance thereof at any time outstanding as well after as before demand or default at an annual rate of **Five PERCENT (5%)** over the prime rate per annum as from time to time set by the Bank as a reference rate for determining interest rates on Canadian dollar commercial loans in Canada, reckoned from the date or dates on which the said principal sum or any part thereof is due and payable. Any sum owing by way of interest which is not paid on demand shall itself bear interest at the said rate from the date of demand until paid.

3. SECURITY

3.1 As security for the due payment of the said principal sum and interest and all other sums from time to time owing on the security hereof and the due performance of the obligations of the Company herein set forth, the Company hereby mortgages and charges as and by way of a first, fixed and specific mortgage and charge to and in favour of the Bank, the lands and premises described in Schedule "A" hereto, together with all buildings, improvements and fixtures now or hereafter situate thereon, (such property being hereinafter referred to as the "specifically mortgaged premises"), and charges as and by way of a first floating charge to and in favour of the Bank (subject to the exception as to leaseholds hereinafter contained), its undertaking and all its property and assets for the time being, real and personal, movable and immovable, of whatsoever kind and nature and wheresoever situate, both present and future (other than such thereof as are from time to time effectively and validly subjected to the fixed and specific mortgage and charge hereby created).

3.2 The floating charge hereby created shall in no way hinder or prevent the Company, until the security hereby constituted shall have become enforceable, from selling, alienating, assigning, leasing, mortgaging, charging, pledging or otherwise disposing of or dealing with the subject matter of such floating charge in the ordinary course of its business and for the purpose of carrying on the same, provided such action is not in breach of any of the covenants herein contained.

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3.3 The mortgages and charges hereby created shall not extend or apply to the last day of the term of any lease, whether oral or written, or any agreement therefor, now held or hereafter acquired by the Company; but the Company shall stand possessed of such residue of term and shall hold it in trust to assign and dispose thereof as the holder from time to time of this Debenture (hereinafter referred to as the "Holder") shall, for the purpose of enforcing the security hereof, direct.

3.4 This Debenture and the security constituted hereby shall take effect forthwith upon the execution hereof notwithstanding that the liability of the Company to the Bank may at such time be contingent.

3.5 The Company shall forthwith and from time to time execute and do all deeds, documents and things which in the opinion of the Bank are necessary or advisable for giving the Holder a valid, fixed and specific mortgage, charge or security upon the specifically mortgaged premises and a valid floating charge or security of the nature herein specified upon any property, whether now owned or hereinafter acquired, intended to be included therein, for and to secure the payment of all principal moneys and interest for the time being and from time to time owing on the security hereof and all other money intended to be secured hereby.

4. GENERAL COVENANTS

4.1 The Company covenants with the Holder that it will at all times maintain its corporate existence; will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice; will keep or cause to be kept proper books of account in accordance with sound accounting practice; will fully and effectually maintain and keep maintained the security hereby created; will maintain and keep in good repair the specifically mortgaged premises and refrain from damaging, destroying and carrying away the same; will, if and when required by the Holder, furnish the Holder with copies of all audited financial statements of the Company furnished to its shareholders and of all interim statements furnished to its directors or shareholders after the date hereof; will pay or cause to be paid all taxes, rates, government fees and dues, levied, assessed or imposed upon it and its property or any part thereof as and when the same become due and payable, save and except when and so long as the validity of any such taxes, rates, fees, dues, levies, assessments or imposts is in good faith contested by it; will pay and discharge all claims by and obligations to workmen, builders, contractors or suppliers of materials and all other debts which might have priority over the security hereby created; will duly observe and conform to all valid requirements of any governmental authority relative to the specifically mortgaged premises or any licenses or franchises relating thereto; and will insure and keep insured any insurable interest in the specifically mortgaged premises and any other insurable property and assets owned by the Company against such perils and in such amounts as may be usual and prudent with companies carrying on a similar business or holding similar assets.

4.2 Every such insurance policy shall contain a mortgage clause in form and terms satisfactory to the Holder and shall provide that the proceeds thereof shall be payable to the Holder or to prior-ranking mortgagees and the Holder as their respective interests may appear. Any insurance proceeds received by the Holder may be applied by the Holder in its discretion for the following purposes in such proportions as the Holder may see fit:

- (a) on account of the cost and repair or reconstruction of the property damaged or destroyed; and
- (b) in reduction of any principal moneys and interest owing on the security hereof.

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4.3 The Company covenants with the Holder that it will not, without the consent of the Holder, create, assume, or have outstanding any mortgage, pledge, charge, assignment or other security, whether fixed or floating, on any of the undertaking, property or assets herein referred to or any part thereof ranking or purporting to rank or capable of being enforced in priority to or pari passu with the security hereby constituted (other than prior-ranking mortgages now registered against the specifically mortgaged premises or as herein set forth) and that it will not permit or suffer the registration of any lien, encumbrance or charge of workmen, builders, contractors or suppliers of materials on or in respect of any of the specifically mortgaged premises.

4.4 In those cases where a fixed charge has been created in this Debenture, the Company covenants with the Holder that:

- (a) the Company has good title to the specifically mortgaged premises and the Company has the right to mortgage the specifically mortgaged premises as provided for herein;
- (b) from and after default hereunder, the Holder shall have quiet possession of the specifically mortgaged premises free from all encumbrances except those described in Schedule "A" hereto, or as herein set forth;
- (c) the Company will execute such further assurances of the specifically mortgaged premises as may be requisite; and
- (d) the Company has done no act to encumber the specifically mortgaged premises other than to create or permit to be created those encumbrances described in Schedule "A" hereto, or as herein set forth.

4.5 The Company covenants with the Holder that it will at all times keep a register of this Debenture at its head office wherein shall be entered the names, addresses, and description of every registered holder for the time being and particulars of every transfer thereof.

4.6 If the Company fails to perform any covenant herein contained, the Bank may in its discretion do so and if such covenant requires the payment of money, the Bank may make such payment and all sums so expended shall be at once repayable by the Company and shall bear interest at the rate herein set forth and shall be secured hereby but no such performance or payment shall be deemed to relieve the Company from any default hereunder.

5. EVENTS OF DEFAULT AND ENFORCEMENT

5.1 Notwithstanding anything to the contrary herein contained the security hereby constituted shall become enforceable in each and every of the events following:

- (a) if the Company makes default in the payment of the principal sum or interest or in the observance or performance of any other covenant or condition herein contained on its part to be observed or performed;
- (b) if an event of default occurs under the provisions of any mortgage, bond, trust deed or other debenture of the Company or if the security constituted under any of them become enforceable;

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- (c) if an order is made or an effective resolution passed for the winding-up or liquidation of the Company;
- (d) if the Company makes an assignment for the benefit of its creditors, or is declared bankrupt, or makes a proposal or files a notice of intention to file a proposal under the *Bankruptcy and Insolvency Act*, or if a custodian or a sequestrator or a receiver and manager or any other officer with similar powers is appointed in respect of the Company or its property;
- (e) if an encumbrancer takes possession of the property of the Company or any substantial part thereof or if a distress or execution or any similar process is levied or enforced against such property and remains unsatisfied for such period as would permit such property or such part thereof to be sold thereunder; and
- (f) if the Company makes default in the performance or observation of any of the terms, conditions, covenants or provisions of the Letter of Credit Facilities dated August 19, 1996, amended February 27, 1997, and further amended December 30, 1997, or any further amendments thereto.

5.2 Whenever the security hereby constituted shall have become enforceable and so long as it shall remain enforceable, the Holder may proceed to realize the security hereby constituted and to enforce the Holder's rights by entry; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver and manager or for sale of the property charged by this Debenture or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity, and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claims lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Company. No such remedy for the realization of the security hereof or for the enforcement of the rights of the Holder shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

5.3 Whenever the security hereby constituted shall have become enforceable and so long as it shall remain enforceable, the Holder may by instrument in writing appoint any person (who may be an employee of the Holder) to be a receiver (which term shall include a receiver and manager) of the property charged by this Debenture, including any rents and profits thereof, and may remove any such receiver and appoint another in his stead, and a receiver so appointed shall have power:

- (a) to take possession of, collect and get in the property charged by this Debenture and, for that purpose, to take all proceedings in the name of the Company or otherwise as may seem expedient;
- (b) to carry on or concur in carrying on the business of the Company with respect to the property charged by this Debenture and, for that purpose, to raise money on the property charged by this Debenture in priority to this Debenture or otherwise;
- (c) to sell or concur in selling all or any of the property charged by this Debenture without notice to the Company and to carry any such sale into effect by conveying in the name and on behalf of the Company or otherwise, and

- (d) to make any arrangement or compromise which he shall think expedient in the interest of the Holder.

A receiver so appointed shall for all purposes be deemed to be the agent of the Company and not the agent of the Holder, and the Company shall be solely responsible for his acts or defaults and for his remuneration. A receiver so appointed may be vested with all or any of the powers and discretions of the Holder, and all moneys from time to time received by such receiver shall be applied by him as follows: first, in discharge of all rents, taxes, rates, insurance premiums and other liabilities affecting the property charged by this Debenture; second, in keeping in good standing all charges and liens on such property having priority over the security hereby constituted; third, in payment of his remuneration as receiver; fourth, in payment to the Holder of the principal, interest and other sums, if any, due and payable hereunder; and the residue, if any, of such moneys shall be paid to the Company. The Holder in appointing or refraining from appointing such receiver shall not incur any liabilities to the receiver, the Company or otherwise. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any rights of the Holder.

5.4 Whenever the security hereby constituted shall have become enforceable, the Holder may, either before or after any entry, sell and dispose of the property charged by this Debenture, either as a whole or in separate parcels, at public auction or by tender, or by private sale, at such time or times as the Holder may determine, and may make such sale, either for cash or part cash and part credit, and with or without advertisement, and with or without a reserve bid as the Holder may deem proper, and the Holder may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the said property or any part thereof good and sufficient deed or deeds for the same. such Holder being hereby constituted the irrevocable attorney of the Company for the purpose of making such sale and executing such deeds, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Company and all other persons claiming the said property or any part thereof, by, from, through or under the Company.

5.5 In case the security hereby constituted shall have become enforceable, the Holder shall have power to waive the default provided that no act or omission of such Holder in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or the right resulting therefrom.

5.6 The Company agrees to pay to the Holder on demand all costs, charges and expenses, including without restriction, legal fees on a solicitor and client basis, of or incurred by the Holder in connection with the recovery or enforcing of payment of any moneys owing hereunder whether by realization, taking possession, protecting, preserving, or otherwise. All such sums, together with interest thereon at the rate in this Debenture set forth, shall be added to the indebtedness secured by this Debenture and shall also be secured thereby.

6. OTHER SECURITY

6.1 This security is in addition to and not in substitution for any other security now or hereafter held by the Holder and no payment to the Holder shall constitute payment on account of any of the principal, interest or other moneys from time to time owing hereunder unless specifically so appropriated by the Holder by notation of such payment on this Debenture.

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7. DISCHARGE

7.1 If the Company, its successors or assigns, shall pay or cause to be paid to the Holder the moneys secured hereby and shall otherwise observe and perform all of its covenants and obligations hereunder, then this Debenture and the rights hereby granted shall cease and be void and thereupon the Holder shall at the request and at the expense of the Company, its successors or assigns, cancel and discharge the mortgage and charges of this Debenture and execute and deliver to the Company, its successors or assigns, such deeds and other instruments as shall be requisite to cancel and discharge the mortgage and charges hereby constituted; provided however, that this Debenture may be assigned, pledged, hypothecated or deposited by the Company as security for advances or loans to or for indebtedness or any other obligations or liabilities of the Company, including, without restriction, its obligations as guarantor of any of the indebtedness of any other company and in such event this Debenture shall not be deemed to have been discharged or redeemed by reason of the account of the Company having ceased to be in debt whilst it remained so assigned, pledged, hypothecated or deposited.

8. NOTICE

8.1 Any demand or notice (but not including presentment of this Debenture for payment) to be made or given by the Holder in connection with this Debenture shall be in writing and may be made or given by delivering the same manually or by mailing the same by prepaid registered post to the Company at , or to such other address as the Company may from time to time designate in writing to the Holder. Any demand or notice so made or given by mailing the same by prepaid registered post shall be deemed to have been received by the Company on the next business day following such mailing.

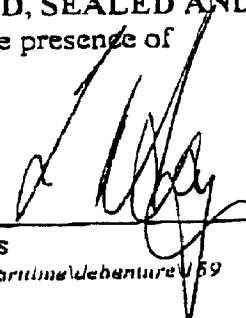
9. BINDING EFFECT

9.1 This Debenture and all its provisions shall enure to the benefit of the Holder, its successors and assigns, and shall be binding upon the Company, its successors and assigns.

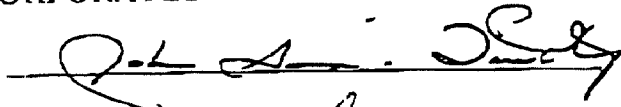
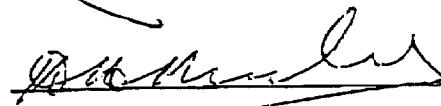
10. GOVERNING LAW

10.1 This Debenture shall be governed by and construed in accordance with the laws of the Province of Nova Scotia.

IN WITNESS WHEREOF the Company has caused its corporate seal to be hereunto affixed and this Debenture to be signed by its proper officers the 30 day of December, 1997.

SIGNED, SEALED AND DELIVERED
in the presence of


Witness
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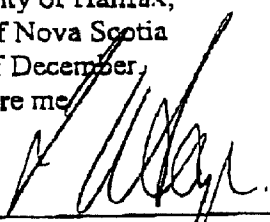
)
) THE MARITIME BEER COMPANY
) INCORPORATED
)
) Per: 
)
)
) Per: 
)

PROVINCE OF NOVA SCOTIA)
COUNTY OF HALIFAX)

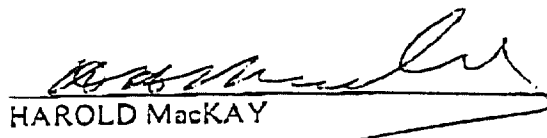
I, HAROLD MacKAY, of Dartmouth, Nova Scotia, make oath and say as follows:

- 1. THAT I am the President of The Maritime Beer Company Incorporated (the "Company").
- 2. THAT the lands described in the within instrument are not occupied by any shareholder as a dwelling nor is any shareholder entitled to use the lands as a dwelling and the lands have never been so occupied while the lands have been owned by the Company.

SWORN TO at Dartmouth,
in the County of Halifax,
Province of Nova Scotia
this 5th day of December,
1997, before me



A Barrister of the Supreme Court of
Nova Scotia
Thomas O. Boyne


HAROLD MacKAY

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SCHEDULE "A"

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ALL THAT CERTAIN Lot of Land, shown as Lot "A" on Frank Longstaff Surveying Limited Plan No. 96-3496, which said Plan is titled: "Plan of Survey showing Subdivision of Lot "E", Land of Ultramar Canada Incorporated to form Lot "A" & Lot "E-1" at Windmill Road, Dartmouth, Halifax County, Nova Scotia", dated the 28th. day of January, A.D. 1997, approved by the Development Officer for Halifax Regional Municipality on the 5th. day of February, A.D. 1997, revised to date the 27th. day of February, A.D. 1997 to show rights-of-way, A-Y and E-1-Z, and further revised to date the 18th. day of April, A.D. 1997 to show R.O.W.-1 and the erasure of Easement B, and which said Lot "A" may be more particularly described as follows:

BEGINNING at the juncture of the north-eastern Street-Line of Windmill Road and the north-western boundary of Lot E-1, Land of Ultramar Canada Incorporated, as shown on said Plan.

THENCE to run N46°-05'-28"W along said north-eastern street line of Windmill Road, a distance of 235.00 feet unto the south-western corner of Lands of Shell Canada Ltd.

THENCE to run N37°-07'-45"E along the south-eastern boundary of said Lands of Shell Canada Ltd. and in continuation thereof along the south-eastern boundaries of: Lot 1-A Lands of Irving Oil Ltd., Lot 2, Lands of Alessandra Investments Ltd. and Lot 3, Lands of Edwards Fine Foods Ltd., a distance of 700.00 feet unto the south-western corner of Parcel R.O.W.-1: a portion of Lot E-1 aforesaid.

THENCE S46°-05'-28"E along the south-western boundary of said Parcel R.O.W.-1 and in continuation thereof, bounded on the north-east by Lot E-1, Land of Ultramar Canada Incorporated, 235.00 feet unto a point.

THENCE to run S37°-07'-45"W, bounded on the south-east by said Lot E-1, 700.00 feet unto the place of beginning.

CONTAINING: 3.75 acres.

BEARINGS are referred to the Nova Scotia modified transverse mercator grid, 1968 adjustment, zone 5, central meridian 64°-30'W.



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FORM OF REGISTRATION
Pursuant to Section 111 of the Companies Act

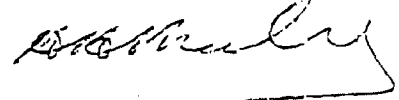
DATE OF
REGISTRY

Dec 31, 1997

IN WHOSE NAME
REGISTERED

Royal Bank of Canada

NAME OF
OFFICER REGISTERING



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PROVINCE OF NOVA SCOTIA)
COUNTY OF HALIFAX SS

~~JEFF~~ 31/31

T.O. BOYNE

ON THIS day of December, 1997, before me, the subscriber personally came and appeared, a subscribing witness to the foregoing Indenture, who, having been by me duly sworn, made oath and said that The Maritime Beer Company Incorporated, one of the parties thereto, caused the same to be executed in its name and on its behalf and its corporate seal to be thereunto affixed in h/S presence.

Jeff Weatherhead
A Barrister of the Supreme Court
of Nova Scotia
~~Thomas O. Boyne~~
JEFF WEATHERHEAD

REGISTER OF DEBENTUREHOLDERS

Debenture	Name of Registered Holder	Address
01	Royal Bank of Canada	Bedford Business Centre, Bedford, Nova Scotia

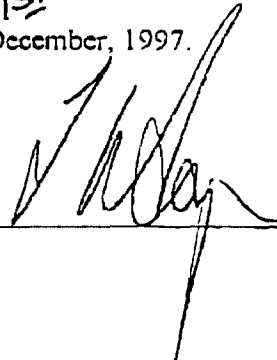
Date of Issue	Date of Maturity	Date of Transfer	Signature of Transfer Officer
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On Demand

I, THOMAS BOYLE, Secretary of The Maritime Beer Company Incorporated, hereby certify that the above is a true copy of the Register of Debentureholders maintained by the Company.

WITNESS the corporate seal of the Company, this ~~31st~~ 31st day of December, 1997.

Secretary:



DATED the day of December, 1997

BETWEEN:

THE MARITIME BEER COMPANY INCORPORATED

- and -

ROYAL BANK OF CANADA

DEBENTURE

BOYNE CLARKE
 Barristers and Solicitors
 Suite 700, Belmont House
 33 Alderney Drive
 P. O. Box 876
 Dartmouth, Nova Scotia
 B2Y 3Z5

(THOMS O. BOYNE)

clients\Maritime\debenture\159