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ROYAL BANK OF CANADA LOAN AGREEMENT - CSBFL

DATE: July 27, 2011

BORROWER: 631019 N.B. INC.**SRF:** 284-560-232**ADDRESS**790 Howard Road,
Fredericton, New Brunswick,
E9B 2C9

Royal Bank of Canada (the "**Bank**") hereby confirms to the undersigned (the "**Borrower**") the following credit facilities (each a "**Credit Facility**" and, collectively, the "**Credit Facilities**"), issued pursuant to the requirements of the *Canada Small Business Financing Loans Act*, subject to the terms and conditions set forth below and in the standard terms provided herewith (collectively the "**Agreement**"). This Agreement is separate and in addition to any other agreements which may exist between the Borrower and the Bank. The Credit Facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of these facilities at any time and from time to time without notice.

CREDIT FACILITIES

Facility # 1 Variable rate term facility in the amount of \$500,000.00. Repayable by consecutive **monthly** principal payments of **\$4,587.16 plus interest** based on a 120 month amortization (monthly payment calculated on 109 months) First payment is due **330 days after first drawdown (11 months)**. This loan has a **12 month term** and all outstanding principal and interest is payable in full **at the end of the term**. Interest rate: **RBP+3.00%** per annum. Interest payable monthly, in arrears, on the same day each period as determined by the Bank.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the bank (collectively, the "**Security**"), shall include:

- General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower ;
- Guarantee and postponement of claim on the Bank's form 812 in the amount of \$125,000.00 signed jointly and severally by Paul Michaels and Charlotte Michaels ;
- Collateral mortgage in the amount of \$810,000.00 signed by the Borrower constituting a first fixed charge on the lands and improvements located at Old River Lodge, 40 Greene Bye Rd, Blissfield, NB E9C 1L4, described as of PID's # 40466484, 40041642 and 40038234 ;
- Postponement and assignment of claim on the Bank's form 918 signed by Paul Michaels ;
- Postponement and assignment of claim on the Bank's form 918 signed by Charlotte Michaels.

OTHER INFORMATION/REQUIREMENTS

The obligation of the Bank to make available any Borrowing is conditional upon the receipt of :

- Evidence that all regulatory approvals have been obtained to permit the development of the Project as contemplated.
- Receipt and satisfaction with a Phase 1 Environmental Assessment concerning the Project.
- Engineers report confirming costs to date and cost to complete.
- Updated personal net worth statements from all Guarantors accompanied with satisfactory credit bureau checks.
- Updated Appraisal addressed to RBC showing appraised value of no less than \$2,000,000.
- Deed of access to the highway.
- Bills supporting the engineers report of costs to complete

FEES

Security Document Preparation Fee: \$175.00

REPORTING REQUIREMENTS

The Borrower will provide to the Bank:

- Annual accountant prepared review engagement financial statements not later than 90 days after each fiscal year end ;

- Annual personal statement of affairs to be provided on Bank form and duly signed by Paul Michaels and Charlotte Michaels within 90 days of the end of every fiscal year of the Borrower ;
- Such other financial and operating statements and reports as and when the Bank may reasonably require.

EVENTS OF DEFAULT

Each Event of Default shall entitle the Bank, in its sole discretion, to cancel any Credit Facility, demand immediate repayment in full of any amounts outstanding under any Credit Facility, together with outstanding accrued interest and any other indebtedness under or with respect to any Credit Facility, and to realize on all or any portion of any Security. The term Event of Default has the meaning set out in the standard terms provided herewith.

BUSINESS LOAN INSURANCE PLAN

This group creditor insurance program, underwritten by Sun Life Assurance Company of Canada, is offered to borrowers and provides life and disability insurance on eligible owner(s)/partner(s)/management of the Borrower for the Borrowings. To apply for this insurance, a Business Loan Insurance Plan Application (form 03460) must be completed for each proposed insured. This plan is subject to terms, conditions, exclusions and eligibility restrictions. Please see the Business Loan Insurance Plan Certificate of Insurance for full details. Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any such loan to which this coverage applies. Refer to the Business Loan Insurance Plan application (form 03460) for further explanation and disclosure.

The Borrower(s), by signing below, acknowledges that life and disability insurance for Borrowings was offered under the Business Loan Insurance Plan, and that:

- Any applications for this insurance have been made and may be subject to approval, as outlined in the Certificate of Insurance which the Borrower has received,
- The offer of insurance has been waived,
- The owner(s)/partner(s)/management of the Borrower(s) are ineligible for this insurance (under 18 or over age 64) or the Credit Facilities provided for in this Agreement are not eligible for this insurance,
- The Borrowings currently have Business Loan Insurance Plan coverage, and no increase in coverage has been requested

If there are any discrepancies between the insurance information above and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

ACCEPTANCE

This Agreement is open for acceptance until **August 26, 2011**, after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

Per: _____
 Name: Stephen Banks
 Title: Account Manager
 Phone: 506-450-2311

CONFIRMATION & ACCEPTANCE

The Borrower i) confirms that it has received a copy of this Agreement and ii) accepts and agrees to be bound by the terms and conditions of this Agreement including all terms and conditions set forth above and the standard terms provided herewith.

Confirmed, accepted and agreed this _____ day of _____, 2011.

631019 N.B. INC.

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

ROYAL BANK OF CANADA LOAN AGREEMENT – CSBFL - STANDARD TERMS

The following set of standard terms is included in and forms an integral part of the Royal Bank of Canada Loan Agreement - CSBFL. Terms defined elsewhere in this Agreement and not otherwise defined below have the meaning given to such terms as so defined. The Borrower agrees with the Bank as follows:

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, in form and substance, and executed and registered to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

AVAILABILITY

The Borrower may borrow up to the amount of each Credit Facility provided that the Credit Facilities are made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of the Credit Facilities at any time and from time to time.

REPAYMENT

- a) Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in or pursuant to this Agreement and shall be paid in the currency of the Borrowing. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day.
- b) Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment.
- c) Where any Borrowings are repayable by scheduled blended payments of principal and interest, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding with any balance of such Borrowings being due and payable as and when specified in this Agreement. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be.
- d) Borrowings repayable by way of scheduled payments of principal plus interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement.
- e) Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.
- f) Any amount that is not paid when due hereunder shall bear interest until paid at the rate of RBP plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity, demand and judgement.

PREPAYMENT

Where Borrowings under any term facility are by way of RBP based loans, the Borrower may prepay such Borrowings in whole or in part at any time without fee or premium. Where Borrowings under any term facility are at a fixed interest rate, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage indicated in this Agreement of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Prepayments greater than the amounts provided for herein may be made only with the prior written consent of the Bank and will be subject to a prepayment fee determined by the Bank, in its sole discretion. The prepayment of any Borrowings under a term facility will be made in the reverse order of maturity.

RENEWAL

Provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower. The Borrower and the Bank agree that, at the Bank's option, the Bank may provide a renewal letter to the Borrower setting out the terms upon which the Bank is prepared to extend the term loan facility ("Renewal Letter"). In the event that the Bank provides a Renewal Letter to the Borrower and the term loan facility is not repaid on or before the maturity date, then at the Bank's option the term loan facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this agreement shall be amended accordingly.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

CALCULATION AND PAYMENT OF INTEREST AND FEES

- a) The Borrower shall pay interest on each fixed and/or variable rate term facility in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.
- b) Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity, demand and judgement.
- c) The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law.
- d) The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

EXPENSES, ETC.

The Borrower agrees to pay the Bank all fees, as stipulated in this Agreement. The Borrower also agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with preparation, negotiation and documentation of this Agreement and any Security and the operation, enforcement or termination of this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its maturity date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any Credit Facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) if a corporation or partnership, will give the Bank 30 days prior notice in writing of any intended change in its ownership structure or composition and will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under this Agreement;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- j) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- k) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- l) if a corporation or partnership will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
- m) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets;
- n) will permit the Bank or its representatives, from time to time, to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower.
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

REVIEW

The Bank may conduct annual or periodic reviews of the affairs of the Borrower, as determined by the Bank and timely advised to the Borrower, for the purpose of determining the financial performance of the Borrower, and the Borrower shall make available to the Bank such information as the Bank may reasonably require and shall do all things reasonably necessary to facilitate such review by the Bank.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any Event of Default or breach of any term or condition of this Agreement or any Security by the Borrower (whether or not constituting an Event of Default), ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower and iv) the breach of or non compliance with any Applicable Law by the Borrower.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security shall operate as a waiver thereof.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles in effect from time to time, applied on a consistent basis from period to period. Any change in accounting principles or the application of accounting principles, including, without limitation, the use of differential reporting (or any changes to the selection of differential reporting options) is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the

Borrower.

JOINT AND SEVERAL/SOLIDARY

Where more than one Person is liable as Borrower, for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidary) with each other such Person.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any Credit Facility, each of the following shall constitute an "Event of Default" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facility, demand immediate repayment in full of any amounts outstanding under any Credit Facility, together with outstanding accrued interest and any other indebtedness under or with respect to any Credit Facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower to observe any covenant, condition or provision contained in this Agreement or in any documentation relating hereto or to the Security;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
- d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership structure or composition or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower in any document relating hereto or under any Security shall be false in any material respect; or
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province in which the branch of the Bank, which is the Borrower's branch of account, is located, and the laws of Canada applicable therein, as the same may from time to time be in effect. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any report or certificate provided to the Bank by the Borrower by way of electronic mail or fax transmission as though it were an originally signed document. The Bank is further entitled to assume that any communication from the Borrower received by email or fax transmission is a reliable communication from the Borrower.

GENERAL

Unless otherwise provided, all dollar amounts are in Canadian currency.

DEFINITIONS

For the purpose of this Agreement, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are "Borrowings";

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday in Canada or any Province thereof, or a day on which banking institutions are closed throughout Canada;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

"RBP" and **"Royal Bank Prime"** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

"Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning