

**THIS IS EXHIBIT "O" REFERRED TO IN THE
AFFIDAVIT OF STEVEN CHAMBERS
SWORN BEFORE ME
ON THIS *3rd* DAY OF DECEMBER, 2012.**



A COMMISSIONER FOR TAKING AFFIDAVITS

GUARANTEE AND SUBORDINATION AGREEMENT

THIS GUARANTEE AND SUBORDINATION AGREEMENT is made as of the 28 day of February, 2012.

BY:

TERCON INVESTMENTS LTD. (the "Guarantor")

IN FAVOUR OF:

HSBC BANK CANADA, as administrative agent (the "Administrative Agent") on behalf of and for the benefit of the Lenders

RECITALS:

WHEREAS the Guarantor has agreed to guarantee the payment and performance by the Borrower of the Guaranteed Obligations to the Administrative Agent for the benefit of the Lenders, in respect of, or in connection with, the Credit Agreement and the other Loan Documents;

AND WHEREAS as a condition precedent to the Lenders making the Facilities available to the Borrower, the Lenders require the Guarantor to expressly subordinate the Subordinated Obligations to the Guaranteed Obligations;

NOW THEREFORE, for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Guarantor), the Guarantor agrees with the Administrative Agent as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

Capitalized terms used in this Agreement, including the recitals hereto, but not otherwise defined shall have the same meanings given to those terms in the Credit Agreement. In addition, the following expressions used in this Agreement shall have the following meanings:

"Borrower" means Dumas Holdings Inc. and its successors and permitted assigns;

"Credit Agreement" means the credit agreement dated as of the date hereof between the Borrower, as borrower, the Guarantor and certain others as guarantors, the Lenders and the Administrative Agent, as such agreement may be amended, supplemented, otherwise modified, restated or replaced from time to time;

"Guaranteed Obligations" means all of the Borrower's Obligations under, and as defined in, the Credit Agreement;

"Indemnified Amounts" means the amounts payable by the Guarantor under Section 2.2;

"Proceedings" means any voluntary or involuntary receivership, insolvency, proposal, bankruptcy, compromise, arrangement, reorganization, registration, scheme of arrangement, winding-up, liquidation, dissolution or other similar proceedings, whether or not any of the foregoing is judicial in nature, but not including any arrangement, reorganization or winding-up that is permitted under the Credit Agreement;

"Senior Obligations" means the Guaranteed Obligations and the Indemnified Amounts;

"Subordinated Documents" means the present and future promissory notes, commitment letters, credit agreements, guarantees, certificates, instruments, notes, securities and all other agreements and other documents creating, evidencing, securing or otherwise relating to the Subordinated Obligations;

"Subordinated Obligations" means the present and future indebtedness, liabilities and obligations of the Borrower to the Guarantor, direct or indirect, absolute or contingent, joint or several, matured or unmatured; and

"Subordinated Proceeds" means all present and future payments and Property received by the Guarantor from the Borrower in payment or satisfaction of any or all of the Subordinated Obligations, including without limitation, all deposits and investments made with such payments and Property, including all other proceeds thereof of whatsoever nature or kind.

1.2 References

As used herein, "**this Agreement**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and any similar expressions refer to this Agreement as it may be supplemented, amended, restated or replaced from time to time, and not to any particular Article, Section or other portion hereof. Whenever in this Agreement a particular Article, Section or other portion thereof is referred to, such reference pertains to the Article, Section or portion thereof contained herein unless otherwise indicated. In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.4 Entire Agreement

This Agreement, together with the other Loan Documents, constitutes the entire agreement between the Guarantor and the Administrative Agent pertaining to the subject matter of this Agreement. There are no warranties, representations or agreements between the Guarantor and the Administrative Agent in connection with such subject matter, except as specifically set forth or referred to in this Agreement or in the other Loan Documents.

1.5 Waiver, Amendment

No amendment or waiver of this Agreement shall be binding unless executed in writing by the Administrative Agent. A waiver of any provision of this Agreement shall only constitute a waiver in the specific instance and for the specific purpose for which it is given. A waiver of any provision of this Agreement shall not constitute a continuing waiver unless expressly provided in writing by the Administrative Agent.

1.6 Governing Law, Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.7 Waiver of Jury Trial

The Guarantor hereby (i) irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, trial by jury in any legal action or proceeding relating to this Agreement or any other Loan Document and for any counterclaim therein; (ii) irrevocably waives, to the maximum extent not prohibited by Applicable Law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages; (iii) certifies that none of the Administrative Agent or the Lenders have nor any of their representatives, agents or counsel has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers, and (iv) acknowledges that the Administrative Agent and the Lenders have been induced to enter into this Agreement, the Loan Documents and the transactions contemplated hereby and thereby by, among other things, the waivers and certifications contained in this Section 1.7.

ARTICLE II
GUARANTEE AND INDEMNITY

2.1 Guarantee

The Guarantor unconditionally and irrevocably guarantees to and for the benefit of each of the Administrative Agent and the Lenders the due and punctual payment and performance of all Guaranteed Obligations. This agreement contained herein is an absolute, unconditional, present and continuing guarantee of payment, and not of collection, is in no way conditioned or contingent upon any attempt to collect from or enforce payment by the Borrower or upon any other event, contingency or circumstance whatsoever and shall be binding upon and enforceable against the Guarantor without regard to the validity or enforceability of any Loan Document. If, for any reason whatsoever, the Borrower shall fail or be unable to duly, punctually and fully pay or perform any Guaranteed Obligation as and when the same shall become due and payable, the Guarantor shall forthwith pay, cause to be paid or cause to be performed, such Guaranteed Obligation to the Administrative Agent for and on behalf of itself and the Lenders.

The Guarantor shall pay to the Administrative Agent interest on all amounts owing by the Guarantor pursuant to this Agreement accruing from the date the Administrative Agent demands payment pursuant to this Agreement at the highest rate applicable from time to time to any of the Guaranteed Obligations. Such interest shall be calculated and payable in accordance with the Credit Agreement. The foregoing is subject to there being no requirement for the Guarantor to pay any duplicative interest payments such as where there is already a penalty interest rate that applies under the Credit Agreement or where interest would be paid both by the Borrower under the Credit Agreement and by one or more guarantors under a guarantee. The records of the Administrative Agent and/or the Lenders as to the unpaid balance of the Guaranteed Obligations at any time shall constitute conclusive evidence that the said amount is so due, in the absence of manifest error.

2.2 Indemnity

The Guarantor shall indemnify and save harmless the Administrative Agent and the Lenders from and against any and all losses, costs and expenses which they may suffer by the Guaranteed Obligations not being paid or performed in a punctual manner or by any of the Guaranteed Obligations or any Loan Document being or becoming for any reason whatsoever in whole or in part:

- (a) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable by the Administrative Agent or the Lenders in accordance with the terms of such obligations or documents, or
- (b) released, compromised or discharged by operation of any Applicable Law or otherwise other than by payment or satisfaction in full in accordance with the terms thereof,

(all of the foregoing collectively, an "Indemnifiable Circumstance"). For greater certainty, these losses shall include, without limitation, the amount of all Guaranteed Obligations which would have been payable by the Borrower but for the existence of an Indemnifiable Circumstance but shall exclude all losses, costs and expenses arising from loss of profits, consequential, punitive or indirect damages howsoever arising.

2.3 Reinstatement

The guarantee and indemnity herein shall be reinstated if at any time any payment of any Guaranteed Obligations or Indemnified Amounts is rescinded or must otherwise be returned by the Administrative Agent or any Lender as a result of any Proceedings of or affecting the Borrower, the Guarantor or any other Person or for any other reason whatsoever, all as though such payment had not been made. The Administrative Agent or any Lender may concede or compromise any claim that such payment ought to be rescinded or otherwise returned, without discharging, diminishing or in any way affecting the liability and the obligation of the Guarantor under this Agreement.

ARTICLE III **SUBORDINATION**

3.1 Subordination and Postponement

The Guarantor agrees that the Subordinated Documents and the Subordinated Obligations shall be fully subordinated and postponed, to and in favour of the Loan Documents and the Senior Obligations in all circumstances. The Administrative Agent and the Lenders shall have priority over the Guarantor in respect of all of the present and future Property of the Borrower, and to discharge and satisfy the Senior Obligations, all in priority to any claim of the Guarantor.

3.2 Priority

The subordination of the Subordinated Documents and the Subordinated Obligations to the Loan Documents and the Senior Obligations set out in this Agreement and the other provisions of this Agreement shall apply in all events and circumstances. Without limiting the generality of the foregoing, the rights and priority of the Administrative Agent and the Lenders and the subordination of the Subordinated Documents and the Subordinated Obligations shall not be affected by:

- (a) the time, sequence or order of creating, granting, executing, delivering of, filing or registering or failing to file or register any notice or instrument in respect of the Loan Documents or the Subordinated Documents;
- (b) the date or the order of the creation of the Senior Obligations or the Subordinated Obligations;
- (c) the time or order of any advance, giving of notice or the making of any demand under the Loan Documents, the Senior Obligations, the Subordinated Documents or the Subordinated Obligations;
- (d) the taking of any collection, enforcement or realization proceedings by the Lenders or the Guarantor;
- (e) any Proceedings or any other process or proceeding having similar effect, involving or affecting the Borrower or its Property, any judgment or order against the Borrower or the date of any of the foregoing;
- (f) the giving or failure to give any notice, or the order of giving notice, to the Borrower;

- (g) the failure to exercise any power or remedy reserved to the Administrative Agent and/or the Lenders under the Loan Documents or to insist upon strict compliance with any of the terms thereof;
- (h) the failure by the Borrower to comply with any restrictions on borrowing or guaranteeing the obligations of others set forth in any Loan Document, or any other agreement or document, regardless of any knowledge thereof which the Administrative Agent and/or the Lenders may have or be deemed to have or with which the Administrative Agent and/or the Lenders may be charged; and
- (i) any other reason including, without limitation, any priority granted to the Guarantor, the Subordinated Documents or the Subordinated Obligations by any Applicable Law.

3.3 No Further Payments

On and after the Acceleration Date, the Borrower will not make any further payments to the Guarantor in respect of any of the Subordinated Obligations until the earlier of: (i) such Event of Default having been fully remedied or waived in writing by the Administrative Agent, or (ii) all of the Guaranteed Obligations and the Indemnified Amounts having been fully and finally paid, satisfied, performed and discharged.

3.4 Subordinated Proceeds

Without limiting the generality of the foregoing and in addition to any other rights and remedies available to the Administrative Agent and/or the Lenders under this Agreement, the Administrative Agent may give a written notice (a "**Default Notice**") to the Guarantor that an Event of Default has occurred and is continuing and has not been waived in writing by the Administrative Agent and notwithstanding the provisions of any of the Subordinated Documents, the Guarantor shall, subject to Applicable Law hold in trust for the Administrative Agent and the Lenders and immediately pay over to the Administrative Agent all Subordinated Proceeds which it then holds or it receives or holds at any time thereafter for so long as such Event of Default is continuing and has not been waived in writing by the Administrative Agent.

3.5 Insolvency/Receivership

In the event of any Proceeding involving or affecting the Borrower or its Property, or any marshalling of the assets and liabilities of the Borrower:

- (a) the Administrative Agent and the Lenders will be entitled to receive payment in full of the Senior Obligations before the Guarantor will be entitled to receive any payment upon the Subordinated Obligations or any distribution of any kind or character, whether in cash, securities or other Property, that may be payable or deliverable in any such event in respect of the Subordinated Obligations;
- (b) any payment or distribution of any Property of the Borrower of any kind or character, whether in cash, securities or other Property, to which the Guarantor

would be entitled, except for the provisions of this Section 3.5, shall, subject to Applicable Law, be paid by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver, receiver and manager or liquidator, trustee or otherwise, directly to the Administrative Agent, to the extent necessary to pay in full all Senior Obligations and the Indemnified Amounts remaining unpaid after giving effect to any concurrent payment or distribution to the Administrative Agent and the Lenders; and

- (c) if any payment or distribution of property of the Borrower of any kind or character, whether in cash, securities or other property, is received by the Guarantor before all Senior Obligations are paid in full, such payment or distribution shall be held in trust by the Guarantor for the benefit of and shall, subject to Applicable Law, be paid over to the Administrative Agent for application to the payment of all Senior Obligations remaining unpaid until all Senior Obligations have been paid in full after giving effect to any concurrent payment or distribution to the Administrative Agent and the Lenders.

3.6 Dealings with the Borrower

The Administrative Agent shall be entitled to deal with the Borrower, the Guarantor, the Loan Documents and the Senior Obligations as the Administrative Agent may see fit without in any manner affecting the guarantee of the Guaranteed Obligations or the subordination of the Subordinated Obligations to the Senior Obligations, and in particular, without limiting the generality of the foregoing, the Administrative Agent may from time to time:

- (a) grant time, renewals, extensions, releases, discharges or other indulgences or forbearances to the Borrower or the Guarantor;
- (b) waive timely and strict compliance with or refrain from exercising any rights under the Loan Documents or the Senior Obligations; and
- (c) take and give up security interests in the Property of the Borrower and release, amend, extend, supplement, restate, substitute or replace any of the Loan Documents or the Senior Obligations in whole or in part.

3.7 Enforcement of Subordinated Documents

The Guarantor shall not enforce any right or remedy against the Borrower by reason of a default by the Borrower under the Subordinated Documents unless the Guarantor obtains the prior written consent of the Administrative Agent.

ARTICLE IV
ENFORCEMENT

4.1 Demand

On demand by or on behalf of the Administrative Agent on or after the Acceleration Date, the Guarantor shall, forthwith pay to the Administrative Agent and/or perform or cause the performance of, all Guaranteed Obligations for which such demand was made. In addition, all Indemnified Amounts shall be payable by the Guarantor to the Administrative Agent forthwith upon demand by the Administrative Agent.

4.2 Right to Immediate Payment or Performance

The Administrative Agent shall not be bound to make any demand on or to seek or exhaust its recourse against the Borrower or any other Person or any Security held by it or any Lender, before being entitled to demand payment from or performance by the Guarantor and enforce its rights under this Agreement, and the Guarantor hereby renounces all benefits of discussion and division.

4.3 Subrogation

The Guarantor shall not have any right of subrogation to the Administrative Agent or any Lender or be otherwise entitled to claim the benefit of any Security held by the Administrative Agent or any Lender in respect of the Guaranteed Obligations or the Indemnified Amounts, until the Administrative Agent and the Lenders, as applicable, have received full and final payment and performance of all Guaranteed Obligations, all indemnified Amounts and all other amounts payable hereunder.

ARTICLE V
PROTECTION OF ADMINISTRATIVE AGENT AND THE LENDERS

5.1 Defects in Creation of Guaranteed Obligations

None of the Administrative Agent or the Lenders shall be concerned to seek or inquire into the capacity and powers of the Borrower or their directors, officers, employees or agents acting or purporting to act on their behalf. All obligations, liabilities and indebtedness purporting to be incurred by the Borrower in favour of the Administrative Agent and the Lenders pursuant to the Loan Documents shall be deemed to form part of the Guaranteed Obligations even though the Borrower may not be a legal entity or the incurring of such obligations, liabilities or indebtedness was irregularly, fraudulently, defectively or informally effected or in excess of the capacity or powers of the Borrower or their directors, officers, employees or agents and notwithstanding that the Administrative Agent or the Lenders has specific notice of the capacity and powers of the Borrower, officers, employees or agents.

5.2 Liability Absolute

This Agreement shall be a continuing guarantee and subordination agreement and the liability of the Guarantor hereunder shall be absolute, unconditional and irrevocable and shall not be discharged, diminished or in any way affected by:

- (a) any amalgamation, merger, consolidation or reorganization of the Borrower or the Guarantor or any continuation of the Borrower or the Guarantor from the statute or laws under which it now or hereafter exists to another statute or other laws whether under the laws of the same jurisdiction or another jurisdiction;
- (b) any change in the name, business, objects, capital structure, ownership, partners, constating documents, by-laws, declarations of trust, partnership agreements or resolutions of the Borrower or the Guarantor, as the case may be, including without limitation any transaction (whether by way of transfer, sale or otherwise) whereby all or any part of the undertaking, property and assets of the Borrower or the Guarantor becomes the property of any other Person;
- (c) any lack of validity, enforceability or value of any Loan Document or any other agreement or instrument relating thereto or to any Security therefor;
- (d) any change in the time, manner or place of payment of, or in any other term of any Loan Document or any amendment or waiver thereof, or any consent to departure from any Loan Document;
- (e) any taking, exchange, release or non-perfection of any security, or any release or amendment or waiver of or consent to departure from any other guarantee for any Loan Document;
- (f) any manner of application of any Security or proceeds of realization thereof, or any manner of sale or other disposition of any collateral or any other assets of the Borrower or the Guarantor;
- (g) the bankruptcy, insolvency, liquidation or dissolution of the Borrower or the Guarantor, or any other Person, and the occurrence of any Proceeding;
- (h) any amendment or modification of or supplement to or other change in any Loan Document;
- (i) any failure, omission or delay on the part of any Person to conform or comply with any term of any Loan Document;
- (j) to the extent as may be waived under Applicable Law, the benefit of all principles or provisions of Applicable Law which may be in conflict with the terms hereof; or

- (k) any other circumstance which might otherwise constitute in whole or in part a defence available to, or a discharge of, the Borrower, the Guarantor or any other Person in respect of the Guaranteed Obligations or the other obligations of the Guarantor hereunder other than by payment or satisfaction in full in accordance with the terms thereof.

Without limiting the generality of the foregoing, the Guarantor agrees that repeated and successive demands may be made and recoveries and judgements may be had hereunder and that notwithstanding any recovery or judgement hereunder, this Agreement shall remain in force and effect. If (i) an Event of Default shall at any time have occurred and be continuing and have not been waived in writing by the Administrative Agent and (ii) such exercise, or any consequences thereof provided in any Loan Document, as the case may be, shall at any time be prevented by reason of the pendency against the Borrower of a Proceeding, the Guarantor agrees that, solely for purposes of this Agreement and its obligations hereunder, such Loan Document shall be deemed to have been declared in default and all amounts thereunder shall be deemed to be due and payable, with all the attendant consequences as provided in the such agreement and if declaration of an Event of Default and the consequence thereof had been accomplished in accordance with the terms thereof, and the Guarantor shall forthwith pay and perform the Guaranteed Obligations.

5.3 No Merger

The Guarantor covenants and agrees with the Administrative Agent that, in the case of any judicial or other proceeding to enforce the rights and remedies of the Administrative Agent or the Lenders, judgment may be rendered against the Guarantor in favour of the Administrative Agent and the Lenders for any amount owing under this Agreement (or for which the Guarantor may be liable hereunder after the application to the payment thereof of the proceeds of any sale of any of the Property of the Guarantor) and such judgment shall not create a merger with any other right or amount owing to the Administrative Agent and the Lenders under this Agreement or under any other Loan Document.

5.4 Dealings by the Administrative Agent

The Administrative Agent may from time to time in its absolute discretion, but subject always to the provisions of the Credit Agreement, without discharging, diminishing or in any way affecting the liability of the Guarantor hereunder:

- (a) permit any increase or decrease, however significant, of the Guaranteed Obligations or supplement, amend, restate or substitute, in whole or in part, however significant, the Guaranteed Obligations, any Loan Document or any other agreement relating to any of the foregoing or, in whole or in part, or demand payment of all or any Guaranteed Obligations and/or the Indemnified Amounts;
- (b) enforce or take action under or abstain from enforcing or taking action under any Loan Document or any other guarantee of the Guaranteed Obligations;
- (c) receive, give up, subordinate, release or discharge any Security; supplement, amend, restate, substitute, renew, abstain from renewing, perfect or abstain from perfecting or maintaining the perfection of any Security; enforce, take

action under or realize in any manner or abstain from enforcing, taking action under or realizing any Security; deal with or abstain from dealing with all or any part of the undertaking, property and assets subject to any Security; or allow or abstain from allowing the Borrower or other Persons to deal with all or any part of such undertaking, property and assets;

- (d) renew all or any part of the Guaranteed Obligations or grant extensions of time or any other indulgences to the Borrower, the Guarantor or other Person liable directly or indirectly for all or any part of the Guaranteed Obligations or Indemnified Amounts;
- (e) accept or make any compositions or arrangements with or release, discharge or otherwise deal with or abstain from dealing with the Borrower, the Guarantor or other Person liable directly or indirectly for all or any part of the Guaranteed Obligations or Indemnified Amounts;
- (f) in whole or in part prove or abstain from proving any claim of the Administrative Agent or the Lenders in any Proceedings of or affecting the Borrower or any other Person; and
- (g) agree with the Borrower, the Guarantor or any other Person to do anything described in paragraphs (a) to (f) above;

whether or not any of the matters described in paragraphs (a) to (g) above occur alone or in connection with one or more other such matters.

No loss of or in respect of any Security for the Guaranteed Obligations, the Indemnified Amounts or any part thereof, whether occasioned through the fault of the Administrative Agent or any Lender or otherwise, shall discharge, diminish or in any way affect the liability of the Guarantor hereunder. None of the Administrative Agent or any Lender nor any of their directors, officers, employees or agents or any receiver or receiver-manager appointed by any of them or by a court shall have any liability, whether in tort, contract or otherwise, for any neglect or any act taken or omitted to be taken by them in connection with the Guaranteed Obligations or any part thereof or any Security for the Guaranteed Obligations or any part thereof including without limitation any of the matters described above in this Section 5.4, except in each case and with respect to a particular Person, such Person's gross negligence or wilful misconduct.

5.5 Waiver of Notice

To the extent permitted by Applicable Law, the Guarantor expressly waives any right to receive notice of the existence or creation of all or any of the Guaranteed Obligations or the Indemnified Amounts and presentment, demand, notice of dishonour, protest, notice of any of the events or circumstances described in Sections 5.1, 5.2, 5.3 or 5.4 and all other notices whatsoever in respect of the Guaranteed Obligations or the Indemnified Amounts. The Guarantor hereby acknowledges receipt of copies of the Loan Documents and all guarantees and other documents referred to in the Credit Agreement and of all the provisions therein contained and consents to and approves the same.

ARTICLE VI
MISCELLANEOUS

6.1 Expenses

The Guarantor shall pay on demand all reasonable out of pocket costs and expenses of the Administrative Agent and the Lenders (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent and the Lenders) incurred in connection with any enforcement of this Agreement.

6.2 No Prejudice

None of the Administrative Agent and the Lenders shall be prejudiced in their rights and remedies hereunder by any act or failure to act of the Borrower or the Guarantor or any failure of the Borrower or the Guarantor to comply with any agreement or obligation, regardless of any knowledge thereof which the Administrative Agent and/or a Lender may have or be deemed to have or with which the Administrative Agent and/or a Lender may be charged.

6.3 Set-off

All amounts payable by the Guarantor under this Agreement shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever.

The Administrative Agent and Lenders (or any of them) may from time to time combine accounts and set-off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited by the Guarantor with the Administrative Agent) against any and all of the obligations of the Guarantor to the Administrative Agent and/or Lenders now or hereafter existing under this Agreement, whether or not the Administrative Agent has made any demand hereunder and whether or not any of such obligations may be unliquidated, contingent or unmatured.

6.4 No Challenge

None of the Guarantor or the Borrower shall at any time challenge, dispute or contest the validity or enforceability of the guarantee, subordination and postponement provided for herein or take any action that could diminish, impair or prejudice the guarantee, subordination and postponement contemplated hereby.

6.5 No Waiver

No delay on the part of the Administrative Agent or any Lender in the exercise of any right, power or remedy hereunder or otherwise shall operate as a waiver thereof, and no single or partial exercise by the Administrative Agent or the Lenders of any right, power or remedy shall preclude other or further exercise thereof or the exercise of any other right, power or remedy. No action of the Administrative Agent or any Lender permitted hereunder shall in any way impair or affect its rights, powers or remedies under this Agreement.

6.6 Additional Guarantee

This agreement is in addition to and not in substitution for any other Guarantees or Security which may have previously been given to the Administrative Agent and/or Lenders by the Guarantor in connection with the Borrower or any of the Guaranteed Obligations, and is in addition to and without prejudice to any Security or Guarantee now or hereafter held by the Administrative Agent and/or Lenders in respect of any of the Guaranteed Obligations, and any other rights or remedies which the Administrative Agent and Lenders might have.

6.7 Assignment

The Guarantor shall not assign any of its obligations with respect to this Agreement without the prior written consent of the Administrative Agent except to the extent permitted under the Credit Agreement.

6.8 Communication

Any demand, notice or other communication required or permitted to be given hereunder shall be in writing and shall be given in accordance with the Credit Agreement and addressed as follows:

<p>(a) Administrative Agent:</p> <p>HSBC Bank Canada, as Administrative Agent 4550 Hurontario Street Mississauga, ON L5R 4E4</p> <p>Attention: Dino Fracassi Telecopier no. (905) 568-5338</p>	<p>(b) Guarantor:</p> <p>100, 2079 Falcon Road, Kamloops, British Columbia, V2C 4J2</p> <p>Attention: ● Telecopier no. ● Email: ●</p>
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6.9 Successors and Assigns

This Agreement shall be binding upon the Guarantor and its successors (including any successor by reason of amalgamation, winding-up or merger) and permitted assigns and enure to the benefit of the Administrative Agent and the Lenders and their respective successors and assigns.

6.10 Foreign Currency

With respect to any portion of the Guaranteed Obligations or Indemnified Amounts which are payable in a currency other than Canadian dollars (the "Foreign Currency Obligation"), the following provisions shall apply:

- (a) Payment hereunder with respect to the Foreign Currency Obligation shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "Foreign Currency") in such form as shall be customary at the time of payment for settlement of international payments in Toronto, Ontario without set-off, counterclaim or deduction and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.
- (b) The Guarantor agrees to indemnify and hold the Administrative Agent and the Lenders harmless from any loss incurred by any of them arising from any change in the value of the Canadian dollar in relation to the Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of payment thereof, if such payment is not made in the Foreign Currency.
- (c) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Foreign Currency into Canadian dollars, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Foreign Currency with Canadian dollars on the Business Day preceding that on which final judgment is given.
- (d) The obligation of the Guarantor in respect of any Foreign Currency Obligation due by it to the Administrative Agent and the Lenders shall, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in Canadian dollars the Administrative Agent may in a commercially reasonable manner, in accordance with normal banking procedures for transactions in the approximate amount received by the Administrative Agent purchase the Foreign Currency with the Canadian dollars; if the amount of the Foreign Currency so purchased is less than the sum originally due to the Administrative Agent and the Lenders in the Foreign Currency the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent and the Lenders against such loss and if the Foreign Currency purchased exceeds the sum originally due to the Administrative Agent and the Lenders in the Foreign Currency the Administrative Agent agrees to remit such excess to the Guarantor as the Guarantor may be entitled thereto.

6.11 Copy Received

The Guarantor acknowledges receipt of a copy of this Agreement.

6.12 Time of the Essence

Time shall be of the essence.

6.13 Taxes

If any payment made by the Guarantor to the Administrative Agent or any Lender becomes subject to any withholding or deduction with respect to Taxes, the Guarantor shall also duly and punctually pay to the Administrative Agent or such Lender such additional amount as may be necessary to ensure that the Administrative Agent or such Lender receives an amount, after taking into account all applicable Taxes, equal to the amount which would have been received by the Administrative Agent or such Lender had such payment not been made subject to any withholding or deduction. In any such circumstance, the Guarantor shall also promptly remit to the Administrative Agent the relevant official receipts or other evidence satisfactory to the Administrative Agent evidencing payment to the appropriate taxing authority of each such Tax by the Guarantor on behalf of the Administrative Agent or such Lender.

6.14 Survival of this Agreement and Credit Agreement Provision

Notwithstanding the cancellation of all of the Commitments and the full and final payment of all of the Obligations under the Credit Agreement or any termination of the Credit Agreement:

- (a) this Agreement, and
- (b) all terms defined in the Credit Agreement and the other provisions of the Credit Agreement that are incorporated herein by reference,

shall survive and continue, until all Guaranteed Obligations arising under, out of or in connection with the Hedging Liability are also fully and finally paid.

Upon the cancellation of all of the Commitments and the full and final payment of the Guaranteed Obligations arising under, out of or in connection with the Credit Agreement, the Administrative Agent shall be fully, finally and absolutely released from all liabilities and obligations arising under, out of or in connection with this Agreement.

6.15 Inconsistency with Credit Agreement

This Agreement constitutes Security for the purposes of the Credit Agreement and to the extent that there is any inconsistency between a provision of this Agreement and a provision of the Credit Agreement, the provision of the Credit Agreement shall govern.

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the day and year first above written.

TERCON INVESTMENTS LTD.

Per: _____

Name: MILAN SOUCEK

Title: DIRECTOR

Per: _____

Name:

Title: