

PLEDGE OF SECURITIES

THIS PLEDGE OF SECURITIES is dated for reference the 23rd day of March, 2018

BETWEEN:

TRENCHANT CAPITAL CORP., a company under the *Business Corporations Act* of British Columbia (BC0869111)

(the “**Pledgor**”)

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA a trust company having an office in the City of Vancouver, in the Province of British Columbia, as agent and secured party for the Debentureholders

(the “**Secured Party**”)

WHEREAS:

A. The Pledgor has entered into an agency agreement dated January 31, 2018, with Canaccord Genuity Corp. and Industrial Alliance Securities Inc., as co-lead agents, together with Raymond James Ltd., GMP Securities L.P., PI Financial Corp., Echelon Wealth Partners Inc., Integral Wealth Securities Limited, Hampton Securities Limited and Mackie Research Capital Corporation, pursuant to which the Pledgor will conduct an offering (the “**Offering**”) of a minimum of 5,000 Debentures (as defined herein) and a maximum of 23,000 Debentures, at a price of \$1,000 per Debenture, for minimum gross proceeds of \$5,000,000 and maximum gross proceeds of \$23,000,000; and

B. It is a condition of the Offering and the Debentures that the present and future debts, obligations and liabilities of the Pledgor in connection therewith be secured by the grant of a pledge of all of the shares owned by the Pledgor in the Subsidiary in favour the Secured Party as agent and secured party for the Debentureholders (as defined herein).

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the sum of \$10.00 and other good and valuable consideration now paid by the Secured Party to the Pledgor (the receipt and sufficiency of which is hereby acknowledged by the Pledgor) the Pledgor warrants and represents to and covenants and agrees with the Secured Party as set forth herein.

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Agreement, the following words and phrases will have the meanings set out below unless the parties or the context otherwise require(s):

- (a) **“Agreement”** or **“this Agreement”** means this Pledge of Securities, including all recitals and schedules hereto, as amended, modified, restated or replaced from time to time;
- (b) **“Cash Distributions”** means all cash dividends and other cash distributions from time to time paid on or in respect of the Securities, excluding Other Cash Proceeds, but including corporate dividends, cash, income, interest and other payments and distributions from time to time paid or payable or made by the Subsidiary with respect to any of the Securities;
- (c) **“Charge”** means any mortgage, assignment, security interest, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), trust, interest in any lease, conditional sale or other title retention agreement, or other encumbrance of any nature or kind whatsoever, now or at any time hereafter arising in respect of the whole or any portion of the Collateral;
- (d) **“Collateral”** means all of the Pledgor’s present and future right, title and interest in and to:
 - (i) the Securities and all certificates and instruments from time to time representing the Securities,
 - (ii) the Distributions,
 - (iii) the Rights,
 - (iv) all letters, papers and other documents now or at any time hereafter evidencing or relating to any one or more of the Securities, the Distributions and the Rights, or which now or at any time hereafter may be received by the Pledgor as security for or on account of any one or more of the Securities, the Distributions and the Rights in whole or in part, and
 - (v) all proceeds now or hereafter arising from any of the Securities, the Distributions or the Rights that are goods, intangibles, securities, documents of title, chattel paper, instruments or money;
- (e) **“Convertible Debenture Indenture”** means that certain convertible debenture indenture dated March 23, 2018 entered into between the Pledgor and the Secured Party;

- (f) **“Debentures”** means the secured convertible debentures issued pursuant to the Convertible Debenture Indenture;
- (g) **“Debentureholders”** means the holders of the Debentures from time to time;
- (h) **“Default”** means the occurrence of any Event of Default as defined in the Convertible Debenture Indenture which is not cured within the applicable cure period, if any;
- (i) **“Demand”** means a written demand made by the Secured Party to the Pledgor for the payment, observance or performance of the Pledgor’s Obligations in whole or in part, upon the occurrence of a Default;
- (j) **“Distributions”** means Cash Distributions, Other Cash Proceeds and Non Cash Distributions;
- (k) **“Enforcement Proceedings”** means enforcement or realization proceedings, taken by the Secured Party to enforce or realize the security granted to it under this Agreement upon the occurrence of a Default, subject to the Convertible Debenture Indenture;
- (l) **“Existing Securities”** means the 100 common shares of the Subsidiary represented by share certificate 1-C and registered in the name of the Pledgor;
- (m) **“Non-Cash Distributions”** means all property, investment property, instruments and other securities other than Cash Distributions and Other Cash Proceeds, which are issued, paid or delivered on, or in respect of, or in exchange for or upon the conversion of any of the Securities, whether by way of or as a result of dividends, stock dividends, liquidating dividends, stock splits, reclassifications, reorganizations, plans of arrangement, recapitalizations, mergers, amalgamations, consolidations, combinations or exchanges of shares, debentures or otherwise;
- (n) **“Other Cash Proceeds”** means cash proceeds which are paid:
 - (i) from the redemption or retraction of any the Securities, or
 - (ii) as a return of capital in respect of the Securities,but which are not Cash Distributions;
- (o) **“Persons”** or **“Person”** means and includes any individual, sole proprietorship, corporation, partnership, bank, joint venture, trust, unincorporated association, association, institution, entity, party or government (whether national, federal, provincial, state, municipal, city, county or otherwise and including any instrumentality, division, agency, body or department thereof);
- (p) **“Pledgor”** means the party so described above and its successors and assigns, whether immediate or derivative;

- (q) **“Pledgor’s Obligations”** means the present and future debts, obligations and liabilities of the Pledgor to the Debentureholders and the Secured Party in connection with the Debentures and the Convertible Debenture Indenture;
- (r) **“PPSA”** means the *Personal Property Security Act* of British Columbia and any regulations thereto, as amended from time to time;
- (s) **“Receiver”** has the meaning ascribed thereto in Section 6.2;
- (t) **“Rights”** means all of the present and future benefits, advantages, privileges, powers, claims, demands, rights, remedies, security, judgments and the like whatsoever (including any extensions or renewals thereof), which the Pledgor be entitled to under or in respect of the Securities or the Distributions or any part thereof including:
 - (i) any and all benefits and advantages due or accruing due to the Pledgor now or at any time after the date hereof under any of the Securities (including all rights to receive notices of and attend meetings of shareholders, debenture holders or partners (as applicable) and all present and future rights of the Pledgor to vote the Securities) or the Distributions (including all rights to receive the same), and
 - (ii) the benefit of all covenants, guarantees, representations, warranties and indemnities which have been or in the future are granted to, received or negotiated by the Pledgor, or any agent of the Pledgor, in respect of any of the Securities, the Distributions and the Rights.
- (u) **“Secured Party”** means the parties so described above their respective successors and assigns, whether immediate or derivative;
- (v) **“Securities”** means:
 - (i) the Existing Securities, and
 - (ii) any securities which the Pledgor may at any time acquire in the future whether in substitution for or in addition to the Existing Securities, including securities arising from a Non-Cash Distribution; and
- (w) **“Subsidiary”** means 1141864 B.C. Ltd.

1.2 Additional Definitions

Words used in this Agreement that are defined in the PPSA will have the meaning given to them in the PPSA or regulations enacted under the PPSA unless otherwise defined herein.

ARTICLE 2
PLEDGE OF COLLATERAL, CREATION OF
SECURITY INTEREST AND DELIVERY OF CERTIFICATES

2.1 Pledge of Collateral and Creation of Security Interest

As general and continuing collateral security for the due payment, observance and performance of the Pledgor's Obligations, the Pledgor hereby mortgages, hypothecates, pledges, charges, assigns, transfers and delivers to and in favour of the Secured Party and grants the Secured Party a fixed and specific security interest, hypothec, mortgage, pledge and charge in all of the Collateral until all of the Pledgor's Obligations have been fully paid, performed and satisfied and a discharge of this Agreement is given to the Pledgor after a written request therefor by the Pledgor, and subject to the Convertible Debenture Indenture, after which all rights to the Collateral will revert to the Pledgor.

2.2 Attachment

- (a) The Pledgor acknowledges that value has been given and that the security interest granted herein is intended to attach:
 - (i) as to all Collateral in which the Pledgor now has rights, upon the execution and delivery of this Agreement by the Pledgor; and
 - (ii) as to all Collateral in which the Pledgor acquires rights after the execution of this Agreement, when the Pledgor acquires such rights.
- (b) The Pledgor agrees that the Pledgor and the Secured Party do not intend to postpone the attachment of any security interest created hereby.

2.3 Delivery

- (a) Upon the execution and delivery of this Agreement and thereafter as required by the terms of this Agreement, the Pledgor shall immediately deliver to the Secured Party, or to any Person nominated by the Secured Party as its nominee for the purpose of holding the Collateral as security:
 - (i) all certificates representing or evidencing the Existing Securities and any other Securities, registered in the name of the Pledgor, together with all instruments of assignment and transfer endorsed in blank with respect thereto; and
 - (ii) certified copies of resolutions of each of the Pledgor and the Subsidiary approving and consenting to any prospective transfer of the Existing Securities, as contemplated by this Agreement, from the Pledgor to the Secured Party or the Secured Party's nominee(s), including any prospective transfer of the Collateral by the Secured Party upon commencement of Enforcement Proceedings, subject to the terms of the Convertible Debenture Indenture.

- (b) Upon the occurrence of any Default, the Pledgor agrees that all Securities may, at the option of the Secured Party, be registered in the name of the Secured Party or its nominee(s) at any time while this Agreement remains in effect and the Pledgor shall immediately transfer them into the name of the Secured Party or its nominee(s) when requested to do so by the Secured Party in writing, subject to the terms of the Convertible Debenture Indenture.
- (c) Without limiting the generality of the foregoing, the Pledgor irrevocably authorizes and empowers the Secured Party to complete any transfer or power of attorney to transfer the Securities attached thereto and endorsed in blank with such transferee names and in such manner as requested by the Secured Party, subject to the terms of the Convertible Debenture Indenture, and to deliver the same after such blanks have been filled in, notwithstanding the death or dissolution, as the case may be, of the Pledgor.

2.4 Possession of Collateral

The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and will not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party will have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Securities, whether or not the Secured Party has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

ARTICLE 3 VOTING, DISTRIBUTIONS

3.1 Voting Rights

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Secured Party or its nominee(s), the Pledgor will have the right, subject to the terms and conditions of this Agreement, to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities with the same force and effect as though they had not been mortgaged, hypothecated, pledged, charged, transferred, assigned and delivered to the Secured Party hereunder.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Secured Party, the Secured Party will have the sole and exclusive right to vote the Securities and to exercise all rights of conversion and retraction and other similar rights in respect of the Securities in accordance with the terms of the

Convertible Debenture Indenture with the same force and effect as if it were the absolute owner thereof and any proxy granted by the Pledgor or its nominee in respect of any of the Securities to any Person(s) other than the Secured Party will be revoked and be null and void.

- (c) The Pledgor shall not vote or permit any of the Securities to be voted for any purpose contrary to or inconsistent with the terms of this Agreement, the Debentures or the Convertible Debenture Indenture.

3.2 Distributions

- (a) Until Enforcement Proceedings are commenced and after they have been discontinued, and notwithstanding that the Securities may be registered in the name of the Secured Party or its nominee(s), the Pledgor, or any nominee or agent of Pledgor, may receive and retain all Distributions made during that period of time.
- (b) From and after the commencement of Enforcement Proceedings and until they are discontinued, and without limiting any other right or remedy available to the Secured Party, the Pledgor shall:
 - (i) receive all Distributions in trust as trustee for the Secured Party; and
 - (ii) forthwith pay and deliver all Distributions to the Secured Party, without demand therefor, to be dealt with by the Secured Party pursuant to the terms hereof and the Convertible Debenture Indenture.
- (c) The Pledgor hereby irrevocably authorizes and directs the Subsidiary to pay and deliver to the Secured Party all Distributions made by the Subsidiary to the Pledgor while Enforcement Proceedings remain in effect.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

The Pledgor makes the following representations and warranties to the Secured Party as continuing representations and warranties that are now and will hereafter be true and correct at all times while this Agreement remains in effect:

- (a) the Pledgor is the legal and beneficial owner of the Collateral and no other Person has any interest, beneficial or otherwise in the Existing Securities;
- (b) the Collateral is free and clear of all Charges other than the Charges constituted by this Agreement;
- (c) the Pledgor has the full power and capacity to mortgage, pledge, charge, hypothecate, transfer and assign and grant a security interest in the Collateral to the Secured Party on the terms contemplated hereby;

- (d) the execution and delivery of this Agreement by the Pledgor and the Charge(s) created hereby will not constitute a default or breach under any other indenture, agreement or instrument to which the Pledgor is a party or by which it or any of its property is bound;
- (e) the Securities have been duly authorized and validly issued as fully paid and non-assessable;
- (f) none of the Securities are the subject of any partnership or similar agreements or any agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of the Securities or pursuant to which the transfer of the Securities is prohibited;
- (g) except for the consents of the board of directors of each of the Pledgor and the consent of the Subsidiary (which have been obtained), no other authorization, approval or other actions and no notice to or filing with any governmental authority or any other Person is required:
 - (i) for the pledge of the Collateral pursuant to this Agreement.
 - (ii) for the execution, delivery and performance of this Agreement by the Pledgor,
 - (iii) for the exercise by the Secured Party of the voting or other rights or remedies provided for in this Agreement, or
 - (iv) for the exercise by the Secured Party of its remedies, whether provided for in this Agreement and the Convertible Debenture Indenture or not, except as may be required in connection with a disposition of Collateral by laws affecting the offering and sale of securities generally; and
- (h) as at the date hereof, the only location of the Collateral (being solely the Existing Securities as at the date hereof) and the only places the Pledgor carries on business are the Provinces of British Columbia and Ontario.

ARTICLE 5 COVENANTS

5.1 Covenants

The Pledgor covenants with the Secured Party as follows:

- (a) except as otherwise expressly provided herein or in other written agreements from time to time entered into between or on behalf of the Pledgor and the Secured Party, the Pledgor shall not sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with the Collateral or any interest therein except to the Secured Party hereunder, or enter into any agreement or undertaking to do so;

- (b) the Pledgor shall defend the Collateral for the benefit of the Secured Party against the claims and demands of all other Persons;
- (c) the Pledgor shall fully and effectively maintain and keep maintained valid and effective the security interest constituted by this Agreement and the Convertible Debenture Indenture (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the security interests);
- (d) the Secured Party will not be required to surrender any of the Collateral until all of the Pledgor's Obligations have been fully and finally paid and satisfied and the security interest created hereunder is discharged by the Secured Party as herein provided;
- (e) the Pledgor shall not take any action which may result in the dissolution of the Subsidiary;
- (f) the Pledgor shall not suffer, condone or support any reorganization of the Subsidiary or the issuance of any additional or replacement Securities of the Subsidiary without the prior written consent of the Secured Party (which consent shall be given only upon consent by the Debentureholders in accordance with the Convertible Debenture Indenture);
- (g) the Pledgor shall promptly inform the Secured Party in writing of any Distributions made or proposed to be made to it by the Subsidiary that are to be delivered to the Secured Party under this Agreement;
- (h) the Pledgor shall hold any substituted or additional Collateral subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;
- (i) the Secured Party will have the right, but will not be bound nor required, to exercise any option or right which the holder of any of the Securities may at any time have; provided that if the Secured Party chooses to exercise any such option or right, any advance made by the Secured Party for such purposes will be added to the Pledgor's Obligations and all the provisions hereof will apply thereto;
- (j) the Pledgor shall ensure that each of the representations and warranties of the Pledgor herein contained will be true and correct at all times until the security interest created hereunder is discharged by the Secured Party as provided herein and in the Convertible Debenture Indenture;
- (k) the Pledgor shall advise the Secured Party promptly, in reasonable detail, of:
 - (i) any change to the Pledgor's jurisdiction of incorporation,
 - (ii) any additional jurisdiction, other than the Provinces of British Columbia or Ontario, in which the Pledgor carries on business and has Collateral, or

- (iii) any change to the Pledgor's name,

and the Pledgor shall not effect or permit any of the changes referred to in this subsection (k) unless all filings have been made and all other actions taken as are required in order for the Secured Party to continue at all times following such change to have a valid and perfected security interest with respect to all of the Collateral constituted by this Agreement and the Convertible Secured Indenture.

ARTICLE 6 ENFORCEMENT OF SECURITY

6.1 Remedies

- (a) From and after commencement of Enforcement Proceedings, the security interest created by this Agreement will become enforceable and, subject to the provisions of the Convertible Debenture Indenture, the Secured Party will:
 - (i) have, in addition to the rights and remedies provided herein, under the Debentures and under the Convertible Debenture Indenture, all of the rights and remedies with respect to the Collateral of a secured party under the PPSA and such additional rights and remedies to which a secured party is entitled at law or in equity or by other statute in the Province of British Columbia and such additional rights and remedies to which a secured party is entitled under the laws in effect in any other jurisdiction where any rights and remedies hereunder may be asserted;
 - (ii) be entitled by itself or through its agents (including without limitation any receiver or receiver-manager) to all rights of ownership of and all other rights attaching to the Collateral, or any of it, as if the Secured Party were the absolute owner thereof; and
 - (iii) will be entitled but not obligated to enforce and exercise those rights and remedies and realize upon the Collateral or any part(s) thereof, in such manner and at such time(s) as it shall in its sole and absolute discretion deem advisable.
- (b) Without limiting the generality of (a), the Secured Party may:
 - (i) demand, sue for, collect or receive any Distributions at any time payable or receivable on account of or in exchange for any of the Collateral in its name or in the name of the Pledgor or otherwise;
 - (ii) sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places (including, without being required to do so, on any stock market on which any of the Securities are traded) and at such time or times as determined, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is

required by applicable statute and cannot be waived), and the Secured Party, its assignees hereunder or anyone else who may be the purchaser, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) shall thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Pledgor; any such demand, notice and right or equity being hereby expressly waived and released;

(iii) obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.

(c) Without limiting the generality of (b)(ii), the Secured Party may:

(i) without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and

(ii) transfer all or any of the Collateral and may fill in all blanks in any stock transfers or certificates or any power of attorney or other documents delivered to it in connection therewith, and may delegate its powers and any sub-delegate of the powers hereby given in the name and on behalf of the Pledgor.

(d) The Pledgor agrees that:

(i) notwithstanding the foregoing, the Secured Party will not be bound under any circumstances to enforce or realize upon any Collateral or to allow any Collateral to be sold and it will not be responsible for any loss occasioned by any sale or by the retention of or refusal to sell Collateral in whole or in part; nor will the Secured Party be obliged to collect or see to the payment of Distributions or to the exercise of any Rights with respect thereto or to the remaining Collateral; and

(ii) at the request of the Secured Party the Pledgor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting the Collateral in whole or in part in the Secured Party or such Person(s) or nominee(s) as it may appoint.

(e) The Pledgor agrees that, by reason of certain prohibitions contained in applicable securities laws, the Secured Party may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral in a private sale for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor therefore agrees that that any such private sales may be at prices and on terms less favourable to the Secured Party than those obtainable through a sale without such restrictions, and, notwithstanding such circumstances, agrees

that any such private sale will be deemed to have been made in a commercially reasonable manner and that the Secured Party will have no obligation to engage in public sales or sales on or through any stock exchange and no obligation to delay the sale of any Collateral for any period of time.

6.2 Receiver or Receiver-Manager

At any time after the commencement of Enforcement Proceedings, the Secured Party may, subject to the provisions of the Convertible Debenture Indenture, from time to time, appoint in writing any qualified Person to be a receiver or receiver and manager (in any case, the “**Receiver**”) of the Collateral, whose fees will be payable by the Pledgor, and may likewise remove any such Person so appointed and appoint another qualified Person in his stead. Any such Receiver appointed hereunder shall have the following powers:

- (a) to take possession of the Collateral or any part thereof, and to collect and get in the same and, for that purpose, to enter into and upon any lands, tenements, buildings, houses and premises wheresoever and whatsoever and to do any act and take any proceedings in the name of the Pledgor, or otherwise, as the Receiver deems necessary;
- (b) to do all necessary acts and things for the protection of the Collateral;
- (c) to make any arrangement or compromise which he thinks expedient in the interest of the Secured Party or the Pledgor and to assent to any modification or change in or omission from the provisions of this Agreement; and
- (d) whether or not the Receiver has taken possession, to sell or concur in the sale of any of the Collateral or any part or parts thereof after giving the Pledgor not less than 20 days written notice of his intention to sell and to carry any such sale by conveying, transferring, letter or assigning in the name of or on behalf of the Pledgor or otherwise. Any such sale may be made either at public auction or privately as the Receiver determines and any such sale may be made from time to time as to the whole or any part or parts of the Collateral, and the Receiver may make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver deems proper. The Receiver may buy in or rescind or vary any contract for the sale of any of the Collateral or any part or parts thereof, and may resell without being answerable for any loss occasioned thereby; and the Receiver may sell any of the same as to cash or part cash and part credit or otherwise as appears to be most advantageous and at such prices as can be reasonably obtained therefor and, in the event of a sale, neither he nor the Secured Party shall be accountable or charged with any monies until actually received.

6.3 Liability of Receiver

The Receiver appointed and exercising powers under this Agreement will not be liable for any loss unless the loss is caused by the Receiver’s own negligence or wilful default, and the Receiver will, when so appointed, be deemed to be the agent of the Pledgor and the Pledgor

will be solely responsible for the Receiver's acts and defaults and for the Receiver's remuneration.

6.4 Effect of Appointment of Receiver

As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Pledgor with respect to the Collateral will cease, unless specifically continued by the written consent of the Secured Party, on advice of counsel, or the Receiver.

6.5 Remedies Not Exclusive

The Secured Party may exercise any of its rights and remedies independently or in combination and at any time and from time to time. The exercise of any particular right or remedy shall not preclude the further exercise of that or any other right or remedy. In addition to the foregoing, the Secured Party will not be obliged to exhaust its recourse against the Pledgor before realizing on or otherwise dealing with the Collateral in such manner as the Secured Party considers desirable or expedient.

6.6 Application of Proceeds

Any Distributions or other monies realized by the Secured Party on or in respect of the Collateral in connection with the exercise of any rights or remedies of the Secured Party pursuant to the provisions of this Article 6 will be applied as provided for in the Convertible Debenture Indenture.

6.7 Power of Attorney

Upon the commencement and during the continuance of Enforcement Proceedings, the Secured Party (or any officer of the Secured Party appointed by the Secured Party) is hereby irrevocably constituted and appointed by the Pledgor to be its true and lawful attorney, with full power of substitution, to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Pledgor whenever and wherever it may be deemed necessary or expedient to give effect to this Agreement or to protect the security created hereby. This power of attorney will be irrevocable and coupled with an interest.

6.8 Other Dealings

The Secured Party, on the advice of counsel, may grant time, renewals, extensions and indulgences, releases, and discharges to, may take and give up securities from or may abstain from taking securities from and may accept compositions from and may otherwise deal with all Persons including the Pledgor and any securities it holds in connection with the Pledgor's Obligations, or any part thereof, including any of the Collateral, without prejudice to the rights of the Secured Party to hold, deal with and realize on the Collateral in any manner which the Secured Party considers desirable or expedient.

6.9 No Merger

This Agreement will not operate so as to create any merger or discharge of any of the Pledgor's Obligations. Neither the taking of any judgment nor the exercise of any power or seizure or disposition will extinguish the liability of the Pledgor to pay, observe and perform the Pledgor's Obligations nor will the acceptance of any payment constitute or create any novation and no covenant, representation or warranty of the Pledgor herein will merge in any judgment.

6.10 Enforcement Costs

The Pledgor agrees that all costs and charges incurred by the Secured Party with respect to the Collateral or the realization thereof (including all legal costs on the basis as between a solicitor and his own client and court costs paid and also including expenses of taking possession of, protecting and realizing upon any property comprised in the Collateral) will be payable by the Pledgor and will be added to the Pledgor's Obligations and will be a charge and security interest upon the monies received having the priority of the Charge(s) created hereby.

ARTICLE 7 MISCELLANEOUS

7.1 Amendment

Any amendment of this Agreement will not be binding unless in writing and signed by the Pledgor and the Secured Party.

7.2 Waiver

No waiver of any of the provisions of this Agreement will be effective unless given in writing by the party against which the same is to be asserted.

7.3 Notices

Any notice, demand (including a Demand) or other document to be given, or any delivery to be made, hereunder shall be effective if in writing and delivered in person and left with, or emailed, or confirmed by prepaid registered letter addressed to the attention of:

- (a) in the case of the Pledgor:

Trenchant Capital Corp.
1021 Weest Hastings Street, 9th Floor
Vancouver, BC V6E 0C3
Attention: John Legg
Email: John@trenchantcapital.net

with a copy to:

Clark Wilson LLP
Suite 900, 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Angela Blake
Email: ABlake@cwilson.com; or

(b) in the case of the Secured Party:

Computershare Trust Company of Canada
3rd Floor, 510 Burrard Street
Vancouver, BC V6C 3B9
Attention: Manager, Corporate Trust
Email: corporatetrust.vancouver@computershare.com

Any notice, demand (including a Demand) or other document or delivery so given or made shall be deemed to have been given or made and received at the time of delivery in person or on the business day next following the date of emailing of the same. Any party hereto may from time to time by notice in writing change its address (or in the case of a corporate party, the designated recipient) for the purposes of this section.

7.4 Further Assurances

The Pledgor shall from time to time forthwith on the Secured Party's request do, make and execute all such documents, acts, matters and things as may be required by the Secured Party with respect to this Agreement or any part hereof or as may be required to give effect to this Agreement.

7.5 Counterparts

This Agreement may be executed in counterparts and an executed copy of this Agreement may be delivered by electronic facsimile transmission or other means of electronic communication capable of producing a signed printed copy of this Agreement. Any such execution and delivery will be deemed to have occurred as of the date set forth below by the party so delivering such copy.

ARTICLE 8 INTERPRETATION

8.1 Headings

All headings and titles in this Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

8.2 Hereof, Etc.

All references in this Agreement to the words "**hereof**", "**herein**" or "**hereunder**" will be construed to mean and refer to this Agreement as a whole and will not be construed to refer only to a specific Article, Section, paragraph or clause of this Agreement unless the context clearly requires such construction.

8.3 Joint and Several Liability

If any party hereto is comprised of more than one Person, the assignments, security interests and other charges constituted hereby and the representations, warranties, covenants, agreements, obligations and liabilities made by or imposed upon that party herein or by law will be deemed to have been made or incurred by all those Persons jointly and by each of those Persons severally.

8.4 Severability

If any of the terms of this Agreement are or are held to be unenforceable or otherwise invalid, such holding will not in any way affect the enforceability or validity of the remaining terms of this Agreement.

8.5 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia. The Pledgor irrevocably submits to the jurisdiction of any British Columbia court sitting in Vancouver, British Columbia, in any action or proceeding arising out of or relating to this Agreement.

8.6 Enurement

This Agreement will be binding upon the Pledgor and will enure to the benefit of the Secured Party.

8.7 Interpretation

Wherever the singular or masculine gender is used throughout this Agreement, the same will be construed as meaning the plural or the feminine or the body corporate or politic where the context or the parties hereto so require.

8.8 Secured Party as Agent or Trustee

If this Agreement is granted to the Secured Party in its capacity as agent or trustee for one or more other Persons, the Pledgor agrees that all:

- (a) security interests;
- (b) representations, warranties, covenants and agreements; and
- (c) obligations and liabilities,

created, made, assumed or incurred hereunder by the Pledgor in favour of the Secured Party are also created, made, assumed or incurred hereunder by the Pledgor in favour of those Persons. The Pledgor further agrees that each of those Persons will be entitled to the benefit of all rights and remedies of the Secured Party arising upon and during the continuance of a Default as if it had been named as the Secured Party hereunder.

8.9 Limitations on Liability of Secured Party

The Secured Party shall not be liable to the Pledgor or the Subsidiary or any other Person for any failure or delay in exercising any of the rights of the Pledgor or the Subsidiary under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Secured Party nor a Receiver, nor any agent thereof, is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Secured Party, any Receiver, nor any agent thereof, shall be liable for any, and the Pledgor and the Subsidiary shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Secured Party, any Receiver, or any agent thereof).

8.10 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Convertible Debenture Indenture then, notwithstanding anything contained in this Agreement, the provisions contained in the Convertible Debenture Indenture shall prevail to the extent of such conflict or inconsistency, and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Secured Party (for its own benefit and for the benefit of the Debentureholders) under the Convertible Debenture Indenture. The Pledgor confirms that all indemnities and protective clauses provided that apply to the Trustee under the Convertible Debenture Indenture shall also apply to the Secured Party hereunder.

8.11 Indemnity

The Pledgor confirms that all indemnities and protective clauses provided that apply to the Trustee under the Convertible Debenture Indenture shall also apply to the Secured Party hereunder.

8.12 Discharge

If at any time there are no Pledgor's Obligations then in existence and the Pledgor is not in default of any of the terms of this Agreement as confirmed by an Officer's Certificate of the Pledgor, then, subject to the terms of the Convertible Debenture Indenture, at the request and at the expense of the Pledgor, and upon payment by the Pledgor to the Secured Party of the Secured Party's discharge fee for discharging a security agreement, the Secured Party shall cancel and discharge this Agreement and the security interests herein granted and the Secured Party shall execute and deliver to the Pledgor all such documents as it shall be advised by counsel are required to effect such discharge.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8.13 Binding Effect

This Agreement will be binding on the Pledgor and the respective heirs, executors, personal representatives, successors and assigns of each Person comprising the Pledgor and will enure to the benefit of the Secured Party and its successors and assigns.

EXECUTED in Vancouver, British Columbia, as of the date first set forth above.

TRENCHANT CAPITAL CORP.

Per: "Eric Boehnke"
Authorized Signatory

Acknowledged by Computershare Trust Company of Canada as of the date first set forth above.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: "Signed"
Authorized Signatory