

LOAN AGREEMENT
BETWEEN
PIIKANI INVESTMENT CORPORATION
AND
PIIKANI ENERGY CORPORATION

This Loan Agreement constitutes the whole and entire agreement between the Borrower and the Lender and cancels and supersedes any prior agreements, undertakings, declarations, representations and warranties, written or verbal, among the parties in respect of the subject matter of this Loan Agreement, including any prior financing commitment or financing arrangement. This Loan Agreement cannot be amended, altered or changed without the prior written consent of both the Piikani Investment Corporation and the Piikani Energy Corporation.

BORROWER: Piikani Investment Corporation (the "Borrower" or "PIC")

LENDER: Piikani Energy Corporation

AMOUNT: Cdn. \$700,000.00 as a loan (the "Loan").

PURPOSE: To finance operating and other administrative costs.

TERM AND REPAYMENT: The term of the Loan will be three years and will expire on June 15, 2011 and the Principal Indebtedness will be payable in 6 equal semi annual instalments beginning on December 15, 2008 in the amount of CDN \$133,533.33 with a final payment due on June 15, 2011, based on the amortization schedule attached to the Financing Commitment as Schedule "A".

PREPAYMENT AND CANCELLATION: The Borrower may prepay the Loan in whole or in part without penalty from time to time, with prepayments of principal being applied so as to shorten the amortization period of the loan but not the annual payment amount.

**INTEREST RATES
AND FEES:**

8.0% per annum before default and 12% per annum after default with interest payable yearly in arrears. Interest shall accrue on the Loan from the earlier of the date of funding or June 15, 2008, until the Principal Indebtedness has been repaid.

**LEGAL AND
OTHER FEES:**

All reasonable sums for the Lender's costs and expenses incurred including, legal advice and services (on a solicitor and his own client full indemnity basis) in connection with the preparation, registration, administration or enforcement of this Loan Agreement and the Security are for the account of the Borrower.

SECURITY:

The Borrower will provide, or cause to be provided, to the Lender the following as security for all obligations of the Borrower arising under this Loan Agreement:

- General Security Agreement of the Borrower providing for a first priority security interest in all present and after-acquired personal property of the Borrower registered in the Province of Alberta;
- Promissory Note in a form satisfactory to the Lender;

(Collectively, the "Security" See Schedule "B").

**APPLICATION
OF SECURITY:**

The Security will secure all indebtedness of the Borrower to the Lender under this Loan Agreement, including all amendments thereto or substitutions, replacements or modifications thereof. The Lender will be entitled to apply and realize on the Security in such manner and in such order as the Lender deems appropriate in the circumstances, subject to applicable law.

**CONDITIONS
PRECEDENT
TO FUNDING:**

Notwithstanding any other provision contained herein, the Lender shall be under no obligation to advance any amounts to the Borrower at any time or from time to time under this Loan Agreement in the absence of the following conditions precedent being met, unless waived in writing by the Lender:

- execution and delivery of this Loan Agreement;
- execution and delivery of the Security and all other documents required to be delivered hereunder, in form and substance satisfactory to the Lender, including the most recent financial statements of the Borrower;
- the receipt by the Lender of a duly executed officer's certificate with respect to general corporate matters;
- no Default or Event of Default will have occurred and be continuing.

**REPORTING
REQUIREMENTS:**

Upon the Loan being advanced to the Borrower by the Lender, the Borrower will upon request provide or will cause to be provided to the Lender: i) annual financial statements of the Borrower within 120 days of the fiscal year end of the Borrower.

NOTICES:

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telex, telecopy, rapifax or other electronic means of communication addressed to the respective parties as follows:

a) The Lender at:

Piikani Investment Corporation
C/O P.O. Box 3139
Brocket, Alberta T0K 0H0

Attention: Chairman of the Board
Facsimile: (403) 965-2007

b) the Borrower at:

Piikani Energy Corporation
C/O Suite 600, 205 -5th Ave SW
Calgary, Alberta T2P 2V7

Attention: Chairman of the Board
Facsimile: (403) 265-1941

or to such other address or telex number, telecopy number or rapifax number as any party may from time to time notify the others in accordance with this paragraph. Any demand, notice or communication made or given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by telex or other electronic means of communication, on the first Business Day following the transmittal thereof.

EXECUTION:

This Loan Agreement and the Security may be executed in separate counterparts and delivered by electronic facsimile and when so executed and delivered, will be deemed to be an original, all of which taken together will constitute one and the same instrument, and production of an originally executed or copy of a transmittal facsimile of each counterpart execution page hereof will be sufficient for purposes of proof of the execution and delivery of this Loan Agreement and the Security.

OUR LOAN AGREEMENT IS OPEN TO ACCEPTANCE
BY YOU ON OR PRIOR TO MAY 22ND, 2008.

PIIKANI INVESTMENT CORPORATION

Per: 

Name: Stan Knowlton

Title: Director

THE ABOVE TERMS AND CONDITIONS AND THOSE
CONTAINED IN THE ATTACHED SCHEDULE "A"
ARE AGREED TO BE EFFECTIVE THE 22ND DAY OF
MAY 2008.

PIIKANI ENERGY CORPORATION

Per: 

Name: Kerry Scott

Title: Director

**SCHEDULE A
TO
LOAN AGREEMENT**

BETWEEN

PIIKAN INVESTMENT CORPORATION

AND

PIIKANI ENERGY CORPORATION

Loan amortization Schedule

| Enter values | |
|-----------------------------|---------------|
| Loan amount | \$ 700,000.00 |
| Annual interest rate | 8.00 % |
| Loan period in years | 3 |
| Number of payments per year | 2 |
| Start date of loan | 4/15/2008 |
| Optional extra payments | \$ - |

| | |
|------------------------------|---------------|
| Scheduled payment | \$ 133,533.33 |
| Scheduled number of payments | 6 |
| Actual number of payments | 6 |
| Total extra payments | \$ - |
| Total interest | \$ 101,199.99 |

Lender name: **Pilkani Energy Corp.**

Borrower Name: **Pilkani Investment Corp.**

| Pymt No. | Payment Date | Beginning Balance | Scheduled Payment | Extra Pymt | Total Payment | Principal | Interest | Ending Balance | Cumulative Interest |
|----------|--------------|-------------------|-------------------|------------|---------------|---------------|--------------|----------------|---------------------|
| 1 | 12/15/2008 | \$ 700,000.00 | \$ 133,533.33 | \$ - | \$ 133,533.33 | \$ 105,593.33 | \$ 28,000.00 | \$ 594,406.67 | 28,000.00 |
| 2 | 6/15/2009 | 594,466.67 | 133,533.33 | - | 133,533.33 | 109,751.67 | 23,778.67 | 484,715.00 | 51,778.67 |
| 3 | 12/15/2009 | 484,712.00 | 133,533.33 | - | 133,533.33 | 112,141.95 | 19,388.48 | 370,567.15 | 71,167.15 |
| 4 | 6/15/2010 | 370,567.15 | 133,533.33 | - | 133,533.33 | 118,710.55 | 14,822.69 | 251,856.51 | 85,989.83 |
| 5 | 12/15/2010 | 251,856.51 | 133,533.33 | - | 133,533.33 | 123,459.07 | 10,074.26 | 128,397.43 | 96,064.09 |
| 6 | 6/15/2011 | 128,397.43 | 133,533.33 | - | 133,533.33 | 128,261.54 | 5,135.90 | 0.00 | 101,199.99 |

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**SCHEDULE B
TO
LOAN AGREEMENT**

BETWEEN

PIIKAN INVESTMENT CORPORATION

AND

PIIKANI ENERGY CORPORATION



PROMISSORY NOTE

Piikani First Nation, Brocket, Alberta

Date: May 22, 2008

Cdn. \$700,000.00

FOR VALUE RECEIVED, PIIKANI INVESTMENT CORPORATION, of the Town of Brocket, in the Province of Alberta does hereby promise to pay to PIIKANI ENERGY CORPORATION of the Town of Brocket, Alberta the sum of **SEVEN HUNDRED THOUSAND (\$700,000.00) DOLLARS** (the "Principal") together with interest ("Interest"), calculated as follows:

- (a) for the period commencing December 15, 2008 up to and including June 15, 2011, principal and interest at the rate of **EIGHT (8.0%)** percent of the Principal in the amount of **ONE HUNDRED THIRTY THREE THOUSAND FIVE HUNDRED AND THIRTY THREE (\$133,533.33) DOLLARS** payable in six (6) equal semi-annual instalments;

The Principal and interest, or any portion thereof outstanding at any time may be prepaid without notice, bonus or penalty.

PRESENTMENT FOR PAYMENT, DEMAND, PROTEST, NOTICE OF DISHONOUR are hereby waived and the endorser agrees to remain as fully liable as if every presentment, demand, protest and notice hereby were fully made and given.

DATED at Brocket, in the Province of Alberta this 22nd day of May, 2008.

PIIKANI INVESTMENT CORPORATION

Per:


Stan Knowlton - Director

GENERAL SECURITY AGREEMENT

TO: **PIIKANI ENERGY CORPORATION**
c/o Bow Valley Sq II
Suite 600, 205 5th Ave SW
Calgary, AB T2P 2V7
(hereinafter called the "Creditor")

GRANTED BY: **PIIKANI INVESTMENT CORPORATION**
c/o Box 3139
Brocket, AB T0K 0H0
(hereinafter called the "Undersigned")

1. SECURITY INTEREST

As general and continuing security for the payment of all obligations, indebtedness and liabilities, direct or indirect, of the Undersigned to the Creditor wheresoever and howsoever incurred and whether incurred before, at the time of or after the execution hereof, including extensions or renewals thereof, including without restricting the generality of the foregoing, obligations to the Creditor for advances by the Creditor to the Undersigned under fixed or revolving credits established from time to time, liability to the Creditor for letters of credit or guarantees, whether or not drawn upon, issued or given by the Creditor for the Undersigned and the obligation and liability of the Undersigned under any contract of guarantee now or hereafter in existence whereby the Undersigned guarantees payment of the debts, liabilities and obligations of a third party to the Creditor (the obligations, indebtedness and liabilities of the Undersigned referred to above hereinafter collectively called "Obligations"), and, IN CONSIDERATION OF THE OBLIGATIONS, the Undersigned hereby grants, bargains, assigns and transfers to the Creditor a Security Interest in all its present and after acquired personal property and to the extent that the Creditor has given or gives value for the purpose of enabling the Undersigned to acquire rights in or to the personal property, the Undersigned grants to the Creditor a Purchase-Money Security Interest in such property and in the proceeds thereof, (hereinafter together with any other security interest hereby created called the "Security Interest"):

In this Agreement property shall mean all of the Undersigned's personal property including, but not limited to, the following:

- (a) **INVENTORY** - all goods and chattels now or hereafter forming the inventory of the Undersigned, of whatever kind and wherever located, including, without limitation, all goods, merchandise, raw material, work in process, finished goods and chattels held for sale, lease or resale, or furnished or to be furnished under

contracts for service or used or consumed in the business of the Undersigned (all of which goods and chattels are hereinafter collectively called "Inventory");

- (b) **EQUIPMENT** - all tools, machinery, equipment, furniture, plants, fixtures, and other tangible personal property, vehicles and fixed goods and chattels including all tools, machinery, equipment, furniture, plants, fixtures, vehicles, fixed goods and chattels other than inventory (all of which property is hereinafter collectively called "Equipment");
- (c) **INTANGIBLES** - all intangible property and not included in paragraph 10 below including, without limitation, all contractual rights and insurance claims, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Undersigned (all of which property is hereinafter collectively called "Intangibles");
- (d) **BOOKS & RECORDS** - all of the Undersigned's deeds, documents, writings, papers, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (e) **OTHER PROPERTY** - the undertaking and all other property and assets of the Undersigned for the time being of whatsoever nature and kind both present and after acquired, including without limiting the generality of the foregoing, uncalled capital, moneys, rights, franchises, negotiable and non-negotiable instruments, judgements, documents of title and securities (all of which are hereinafter collectively called "Other Property");
- (f) **PROCEEDS** - all of the Undersigned's property in any form derived directly or indirectly from any use or dealing with the Collateral, including, without limitation, accounts receivable, bills of exchange, insurance proceeds, chattel paper, intangibles, motor vehicles, and all other after acquired property constituting proceeds or that indemnifies or compensates for Collateral destroyed or damaged (all of which property is hereinafter collectively called "Proceeds");

Any and all attachments, accessories or accretions to or placed upon the Collateral and any and all repairs to the Collateral and any and all replacements to and of the Collateral, during the continuance of this Agreement, shall become a part thereof and shall be included in the term "Collateral." All of the above mentioned property together with the Assignment in paragraph 10 is hereinafter called the "Collateral".

2. LOCATION OF PROPERTY

The Undersigned confirms and warrants that the Collateral will be kept at the address shown on the Schedule hereto or, if left blank, at the address shown below the Undersigned's signature to this Agreement, and subject to the provisions of paragraph 4, the Undersigned will not remove any of the Collateral from said location without the prior written consent of the Creditor.

3. REPRESENTATIONS, WARRANTIES & COVENANTS

The Undersigned hereby represents, warrants or covenants to or with the Creditor, as the case may be, that:

- (a) the Undersigned will reimburse the Creditor for all costs and expenses (including legal fees on a solicitor and his own client basis) associated with recovering or possessing the Collateral and in any other proceedings taken for the purpose of protecting or enforcing the remedies provided herein, or otherwise in relation to the Collateral, including but not limited to payment for repairs made to the Collateral, insuring the Collateral, or otherwise protecting same, or by reason of non-payment of the Obligations and all such costs and expenses shall bear interest at the highest rate borne by any of the Obligations and shall be payable on demand;
- (b) except for the Security Interest the Undersigned is, or respecting the Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance and the Undersigned will keep the Collateral free and clear of all taxes, assessments, liens and encumbrances;
- (c) the Undersigned will deliver to the Creditor within three (3) months next after the end of each of the Undersigned's fiscal years, audited financial statements of the Undersigned, and, if the Undersigned is a corporation, will furnish annually to the Creditor the information which is required to be furnished to the shareholders of a corporation under applicable law;
- (d) the Undersigned will care for, protect and preserve the Collateral and not permit its value to be impaired and, subject to paragraph 4, will not sell, transfer, assign, mortgage, charge, pledge, hypothecate or deliver or otherwise dispose of any such property or any interest therein without the prior written consent of the Creditor;
- (e) the Undersigned will keep the Collateral insured under policies with such provisions, for such amounts and by such insurers satisfactory to the Creditor from time to time, and will maintain such insurance with loss, if any, payable to the Creditor and will lodge such policies with the Creditor;
- (f) the Creditor shall be entitled from time to time and upon 30 days notice to inspect the Collateral wherever located and to make enquiries and tests concerning the Collateral;
- (g) the loss, injury or destruction of the Collateral shall not operate in any manner to release the Debtor from its liability to the Creditor;

- (h) time is of the essence of the Undersigned's Obligation under this Agreement; and
- (i) this Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Undersigned in accordance with its terms.

4. USE OF PROPERTY

Until the occurrence of an event of default, as hereinafter provided, the Undersigned may use the Collateral in any lawful manner not inconsistent with this Agreement, and deal with the Inventory or Other Property or any part thereof in the ordinary course of business.

5. EVENTS OF DEFAULT

Obligations shall become immediately payable upon the occurrence of one or more of the following events of default:

- (a) the Undersigned fails to pay when due any of the Obligations, or to perform or rectify a breach of any of the representations or warranties or covenants of this Agreement within 120 days;
- (b) the Undersigned ceases or threatens to cease to carry on business, becomes insolvent or the subject of bankruptcy or insolvency proceedings;
- (c) any warranty or representation made to induce the Creditor to extend credit to the Undersigned, under this Agreement or otherwise, is false in any material respect when made;
- (d) an encumbrancer takes possession of any of the Collateral or any process of execution is levied or enforced upon or against any of the Collateral;
- (e) indebtedness or liability of the Undersigned other than to the Creditor becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof or any guarantee given by the Undersigned is not honoured when due and called upon;
- (f) a declaration of incompetency of the Undersigned by a court;
- (g) the dissolution of the Undersigned; or
- (h) if any other event causes the Creditor, in good faith and acting reasonably, to deem itself insecure, or if the Collateral is in jeopardy and the Creditor has commercially reasonable grounds to believe that the prospect of payment or performance is or is about to be impaired or the Collateral is or is about to be placed in jeopardy;

and the Creditor shall have all rights and remedies under applicable law as well as any other rights and remedies provided by this Agreement.

6. ADDITIONAL POWERS

In addition to the rights and powers provided in paragraphs 5 and 8 and under the *Personal Property Security Act*, the Creditor and the Receiver, as defined in paragraph 8, and the Sheriff, as the case may be, shall have the following rights and powers:

- (a) if the security hereby constituted becomes enforceable, to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition; and
- (b) on the event of material default:
 - i) to demand, sue for and receive any Book Debts with or without notice to the Undersigned, give effectual receipts and discharges therefore, comprise any Book Debts which may seem bad or doubtful to the Creditor and give time for payment thereof with or without security,
 - ii) to take control of any proceeds arising from the Collateral;
 - iii) to apply any money taken as Collateral to the satisfaction of the Obligations as the Creditor may deem appropriate;
 - iv) to hold as additional security any increase, profits, or money resulting from the Collateral, and apply any such increase, profits, or money to the Obligations as the Creditor may deem appropriate;
 - v) to use reasonable care in the custody and preservation of any Collateral in the possession of the Creditor or Sheriff except that in the case of chattel paper, a security or an instrument, reasonable care shall not include taking necessary steps to preserve rights against other persons;

and the Undersigned shall from time to time forthwith on the Creditor's request execute, do and make all such agreements, statements, further assignments, acts, matters and things which may from time to time in the opinion of the Creditor be necessary or expedient for the purpose of carrying into effect any of the provisions hereof and of perfecting the title of the Creditor in the Collateral, and the Creditor and any of its managers or acting managers are by the Undersigned hereby irrevocably constituted and appointed the true and lawful attorney of the Undersigned with full power of substitution for the Creditor at its option whenever and wherever it may deem necessary or expedient to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Undersigned.

7. WAIVER BY THE CREDITOR

Any breach by the Undersigned of any of the provisions contained in this Agreement or any default by the Undersigned in the observance or performance of any covenant or condition required to be observed or performed by the Undersigned hereunder may only be waived by the Creditor in writing, provided that no such waiver by the Creditor shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

8. APPOINTMENT OF RECEIVER AND MANAGER

The Creditor may appoint in writing any person, whether an employee or employees of the Creditor or not, to be a receiver or a receiver and manager ("Receiver") of the Collateral or any part or parts thereof. A Receiver so appointed shall have power:

- (a) to take possession, custody and control of, collect and get in the Collateral or any part thereof and for that purpose to take any proceedings in the name of the Undersigned or otherwise;
- (b) to carry on or concur in carrying on the business of the Undersigned and for that purpose to raise money on the Collateral in priority to this Agreement or otherwise;
- (c) to sell or concur in selling or otherwise dispose of any of the Collateral, including by lease or by deferred payment; and
- (d) to make any arrangement or compromise which the Receiver shall think expedient in the interest of the Creditor.

Any Receiver so appointed shall be deemed to be the agent of the Undersigned, and the Undersigned shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses, and the Creditor shall not be in any way responsible for any misconduct or negligence on the part of the Receiver. All moneys received by the Receiver after providing for payment of all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver shall be applied in or towards satisfaction of the Security Interest. The rights and powers conferred by this paragraph are in supplement of and not in substitution for any other rights that the Creditor may have from time to time.

9. NOTICE

The Undersigned shall be entitled to not less than twenty (20) days' notice in writing of the date, time and place of any intended disposition of the Collateral, such notice to be given in accordance with the provisions of the *Personal Property Security Act* except that notice is not required to be given where:

- (a) the Collateral is perishable;
- (b) the Creditor believes on reasonable grounds that the Collateral will decline substantially in value if not disposed of immediately after default;
- (c) the cost of care and storage of the Collateral is disproportionately large relative to its value;
- (d) the Collateral is a security or an instrument that is to be disposed of by sale in an organized market that handles large volumes of transactions between many different sellers and many different buyers;
- (e) the Collateral is money other than a medium of exchange authorized by the Parliament of Canada;
- (f) a Court so orders or after default, every person entitled to receive notice consents to the disposition of the Collateral without notice.

The Undersigned hereby expressly waives the right to receive a copy of any financing statement, or a copy of the statement confirming the registration of any financing statement, that may be registered by the Creditor under the *Personal Property Security Act* in connection with any security interest created under this Agreement or under any future agreement with the Creditor.

10. GENERAL ASSIGNMENT OF BOOK DEBTS

And the Undersigned for good and valuable consideration assigns, transfers, and sets over unto the Creditor all debts, accounts, choses in action, claims, demands, and moneys now due or owing or accruing due or which may hereafter become due or owing to the Undersigned, including (without limiting the foregoing) claims against the Crown in the right of Canada or of any province, moneys which may become payable under any policy of insurance in respect of any loss by fire or other cause which has been or may be incurred by the Undersigned (collectively called "Book Debts"), together with all contracts, securities, bills, notes, lien notes, judgements, chattel mortgages, mortgages and all other rights, benefits and documents now or hereafter taken, vested in or held by the Undersigned in respect of or as security for the Book Debts hereby assigned or intended so to be or any part thereof and the full benefit and advantage thereof, and all rights of action, claim or demand which the Undersigned now has or may at any time hereafter have against any person or persons, firm or corporation in respect thereof. The Undersigned further hereby covenants, promises, and agrees to and with the Band to well and truly execute or cause to be executed all or any such further or other document or documents as shall or may be required by the Creditor to more completely or fully vest in the Creditor the Book Debts hereby assigned or intended so to be and the right to receive the said moneys or to enable the Creditor to recover same and will from time to time prepare and deliver to the Creditor all deeds, books, vouchers, promissory notes, bills of exchange, accounts, letters, invoices,

papers and all other documents in any way relating to the Book Debts. Provided that this assignment is and shall be a continuing collateral security to the Creditor for the Obligations. All money or any other form of payment received by the Undersigned in payment of any Book Debts shall be received and held by the Undersigned in trust for the Creditor.

11. APPROPRIATION

The Creditor shall have right any time to appropriate any payment made to any portion of the Obligations and to revoke or alter any such appropriation.

12. DEALING WITH SECURITY INTEREST

The Creditor may grant extensions of time and other indulgences, take and give up any of the Security Interest, or modify or abstain from perfecting or taking advantage of any of the Security Interest, accept compositions, grant releases and discharges thereof and otherwise deal with the Undersigned, debtors of the Undersigned, sureties and other and with any of the Security Interest as the Creditor may see fit without prejudice to the liability of the Undersigned or the Creditor's right to hold and realize any of the Security Interest. The Creditor shall not be accountable to the Undersigned for the value of any of the Security Interest released except for any moneys actually received by the Creditor.

13. EXECUTION

If more than one person executes this Agreement, the term "Undersigned" shall include each as well as all of them, any and all of their obligations hereunder shall be joint and several and these presents and such Obligations shall continue in full force and effect and apply notwithstanding any change for any cause or in any manner whatsoever in the composition of or membership of any firm or company which is a party hereto.

14. TERM

This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all amounts owing to the Creditor by the Undersigned shall be paid in full. In the event any provisions of this Agreement shall be deemed invalid or void by any court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain in full force and effect.

15. NON-SUBSTITUTION

The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Creditor.

16. APPLICABLE LAW

This Agreement shall be construed in accordance with the laws of the Province of Alberta.

17. ACKNOWLEDGEMENT

The Undersigned acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF the Undersigned has executed this Agreement effective the 22nd day of May, 2008.

PIIKANI INVESTMENT CORPORATION

Per:



Stan Knowlton - Director

SCHEDULE

COLLATERAL IS NOW AND WILL HEREAFTER BE LOCATED AT THE FOLLOWING ADDRESSES:

Piikani First Nation Reserve, Brocket, Alberta

PIIKANI ENERGY CORPORATION, as General Partner of the Piikani Oldman Hydro Limited Partnership and on behalf of the Limited Partner, the Piikani Nation

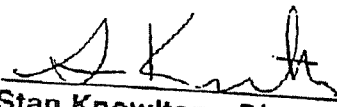
CERTIFICATE

RE: PROMISSORY NOTE AND GENERAL SECURITY AGREEMENT (the "Loan and Security Documentation") IN FAVOUR OF PIIKANI INVESTMENT CORPORATION GRANTED IN SUPPORT OF A RESTRUCTURED LOAN FACILITY (the "Loan") IN THE PRINCIPAL AMOUNT OF \$10,819,000.00 MADE AVAILABLE TO PIIKANI ENERGY CORPORATION (the "Corporation")

The undersigned, Stan Knowlton, Director of the Corporation, hereby certifies as follows:

1. I am a Director of the Corporation and have personal knowledge of the matters herein set forth, except where expressly stated to be to the best of my knowledge, information and belief.
2. I have examined such books, documents, registers, reports and opinions and have made such inquiries as are necessary to give this Certificate.
3. The Loan and the Loan and Security Documentation have been duly authorized by all required actions of the Corporation. To the best of my knowledge and belief, neither the execution and delivery of the Loan and Security Documentation by the Corporation nor the performance of its liabilities and obligations thereunder shall violate or constitute a default under any provision of any law, any order of any court or other agency of government, the constituting documents of the Corporation or any agreement, of the shareholders or directors of the Corporation is a party or by which instrument or undertaking to which the Corporation is a party or by which any of its assets is bound or affected.

IN WITNESS WHEREOF I have signed this Certificate as a Director of the Corporation this 13TH day of June, 2008.

x 
Stan Knowlton - Director