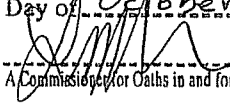


SECURITY AGREEMENT

TO: PIIKANI ENERGY CORPORATION  
Box 3248  
Brocket, AB  
T0K 0H0  
(hereinafter called the "Creditor")

GRANTED BY: PIIKANI NATION  
Box 70  
Brocket, AB  
T0K 0H0  
(hereinafter called the "Undersigned")

THIS IS EXHIBIT "12"  
Referred to in the Affidavit of  
Dale McMullen  
Sworn before me this 22  
Day of October A.D. 2009  
  
A Commissioner for Oaths in and for the Province of Alberta

LINDA MARIE CALLON  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Commission Expires June 12, 2010

1. SECURITY INTEREST

The Piikani Nation is in negotiations and is party to a proposed business transaction with AltaLink L.P. whereunder the Piikani Nation agrees to make certain commitments to allow the construction of a new 240kv electric transmission line and facilities to be built on and across the Piikani Nation lands (Reserve 147), and whereunder the Piikani Nation may acquire an option to purchase an interest in the subject facilities. For approving and agreeing to support the development, construction and operation of the facilities, the Piikani Nation is to receive payments totalling at a minimum approximately \$2,100,000.00 (the collateral) from AltaLink L.P.

As security for the payment of all obligations, indebtedness and liabilities, direct or indirect, of the Undersigned to the Creditor arising from a Memorandum of Understanding – Accountable Advance for Land Use, dated February 3, 2006 written between the Piikani Investment Corporation and the Chief and Council of the Piikani Nation, the Undersigned hereby grants, bargains, assigns and transfers to the Creditor a Security Interest in the proposed business transaction and the Collateral to the full extent of the Undersigned's obligations to the Creditor, as they may be from time to time, until such time as the Creditor releases its interest in the proposed business transaction and the Collateral.

2. NOTIFICATION OF SECURITY INTEREST

The Undersigned authorizes the Creditor to notify AltaLink L.P. of the security interest hereby created and to make arrangements with AltaLink L.P. to protect and deliver the Collateral to the Creditor for so long as the Creditor claims an interest in the Collateral. The Undersigned will be provided a notice of the arrangements with they have been finalized.

### 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;
- (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 care for, protect and preserve the Collateral and not permit its value to be impaired and, 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;
- (d) time is of the essence of the Undersigned's Obligation under this Agreement; and
- (e) This Security Agreement constitutes the whole and entire agreement between the Creditor and the Undersigned 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 Security Agreement.
- (f) This Agreement has been properly authorized and constitutes a legally valid and binding obligation of the Undersigned in accordance with its terms.

### 4. NON-SUBSTITUTION

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

### 5. APPLICABLE LAW

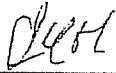
This Agreement shall be construed in accordance with the laws of the Province of Alberta.

### 6. ACKNOWLEDGEMENT

The Undersigned acknowledges receipt of a copy of this Agreement.

**IN WITNESS WHEREOF** the Undersigned has executed this Agreement effective the 23<sup>rd</sup> day of June, 2006.

**PIIKANI NATION**

Per:   
Authorized Signatory

Per:   
Authorized Signatory



Personal Property Registry  
Verification Statement

Page 2 of 2

Security Agreement

Control #: F00900381

Registration Date: 2009-Oct-21

Registration #: 09102128986

The Registration Term Is 2 Years  
This Registration Expires at 11:59 PM on 2011-Oct-21

Debtor(s)

Block

1 PIKANI NATION  
BOX 70  
BROCKET, AB T0K 0H0

Secured Party / Parties

Block

1 PIKANI ENERGY CORPORATION  
BOX 3248  
BROCKET, AB T0K 0H0

Collateral: General

Block Description

1 AS PER THE SECURITY AGREEMENT SIGNED AND DATED ON THE 23RD DAY OF  
JUNE 2008.

End of Verification Statement

THIS IS EXHIBIT " 2 "  
referred to in the Affidavit of  
No. 3 of Stephanie Ho Lem

Sworn before me this 14  
day of January, 2010.

A Commissioner for Oaths in and for  
the Province of Alberta  
My Appointment Expires EX GRATIA

CLIVE O. LLEWELLYN  
Barrister & Solicitor  
1741 - 26<sup>th</sup> Street SW  
Calgary, Alberta T3C 1K7



**Personal Property Registry  
Verification Statement**

Page 2 of 2

**Security Agreement**

Control #: F00444171

Registration Date: 2006-Oct-03

Registration #: 08100331199

The Registration Term is 5 Years

This Registration Expires at 11:59 PM on 2013-Oct-03

**Debtor(s)**

**Block**

1 PIKANI NATION  
BOX 70  
BROCKET, AB T0K 0H0

**Secured Party / Parties**

**Block**

1 PIKANI ENERGY CORPORATION  
BOX 3248  
BROCKET, AB T0K 0H0

**Collateral: General**

**Block Description**

1 THIS IS A SECURITY AGREEMENT BETWEEN ALTALINK L.P., PIKANI ENERGY CORPORATION AND THE PIKANI NATION PURSUANT TO THE AGREEMENT SIGNED AND DATED JUNE 15-2006 FOR THE SUM OF \$3,100,000.00

**End of Verification Statement**