

MR01

Particulars of a charge

A fee is payable with this form
Please see 'How to pay' on the
last page

You can use the WebFiling service to file this form online
Please go to www.companieshouse.gov.uk

✓ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

✗ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument Use

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

Please return
via
CH London Counter

This form **must be delivered to the Registrar for registration**
21 days beginning with the day after the date of creation or
delivered outside of the 21 days it will be rejected unless it
court order extending the time for delivery

You **must** enclose a certified copy of the instrument with the
scanned and placed on the public record

WEDNESDAY



LD5 06/11/2013 #41
COMPANIES HOUSE

1 Company details

Company number 8 7 1 7 7 1 8
Company name in full JSMN (CD) Limited (the **Chargor**)

2 For official use
→ **Filing in this form**
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date d2 d6 m1 m0 y2 y0 y1 y3

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name National Bank of Canada (the **Chargee**)

Name

Name

Name

If there are more than four names, please supply any four of these names then
tick the statement below

☐ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

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Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

Continuation page

Please use a continuation page if you need to enter more details

Description

Capitalised terms used and not otherwise defined in this Form MR01 are defined in the charge and assignment dated 26 October 2013 between the Chargor and the Chargee (the **Charge and Assignment**)

Intellectual Property

In the Charge and Assignment the chargor assigned the Assigned Property absolutely, including

all inventions, processes, formulae, licences, patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade anems, trade name rights, logos, indicia, corporate and company names, business source or business identifiers and renewals and extensions thereof, domestic and foreign, whether now owned or hereafter acquired, nad the accompanying good will and other like business property rights relating to the Programme, and the right (but not the obligation) to register claims under trademark or patent and to renew and extend such trademarks or patents and the right (but not the obligation) to sue in the name of the Chargor or in the name of the Chargee for past, present or future infringement of trademark or patent

5

Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☒ Yes Continue

☐ No Go to **Section 7**

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

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Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

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Particulars of a charge

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Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X

Dentons UKMEA LLP
Dentons UKMEA LLP

X

This form must be signed by a person with an interest in the charge

MR01**Particulars of a charge****Presenter information**

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name CAVH/97630 00003

Company name Dentons UKMEA LLP

Address One Fleet Place

Post town London

County/Region

Postcode E C 4 M 7 W S

Country

DX DX 242 LONDON/CHANCERY LANE

Telephone +44 20 7242 1212

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following

- ☐ The company name and number match the information held on the public Register
- ☐ You have included a certified copy of the instrument with this form
- ☐ You have entered the date on which the charge was created
- ☐ You have shown the names of persons entitled to the charge
- ☐ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☐ You have given a description in Section 4, if appropriate
- ☐ You have signed the form
- ☐ You have enclosed the correct fee
- ☐ Please do not send the original instrument, it must be a certified copy

**Important information**

Please note that all information on this form will appear on the public record

**How to pay**

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number. 8717718

Charge code: 0871 7718 0002

The Registrar of Companies for England and Wales hereby certifies that a charge dated 26th October 2013 and created by JSMN (CD) LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 6th November 2013

L-c

Given at Companies House, Cardiff on 12th November 2013



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

DATED: 26 October 2013

(1) NATIONAL BANK OF CANADA

(2) JSMN (CD) LIMITED

DEED OF ASSIGNMENT AND CHARGE
IN RESPECT OF THE TELEVISION PROGRAMME
PROVISIONALLY ENTITLED "JONATHAN STRANGE AND MR
NORRELL"

I certify that, save for material redacted pursuant to s 859G of the Companies Act 2006, this is a true copy of the part of the charging instrument signed by or on behalf of the chargor, and attaches a true copy of the signature page to each other part of such charging instrument

Dated 5 November 2013

Signed 

Name PETER ALLEN
Dentons UKMEA LLP

DEED OF ASSIGNMENT AND CHARGE dated 26 October 2013

BETWEEN

- (1) **NATIONAL BANK OF CANADA**, a bank under the laws of Canada having its head office at 600, de la Gauchetière Street West, Ground Floor, Montreal, Québec, H3B 4L2, Canada ("the Chargee" which expression shall be deemed to include its successors in title and assigns), and
- (2) **JSMN (CD) LIMITED**, a limited company incorporated under the laws of England and Wales (Company No 8717718) 5th Floor, Haymarket House, 28-29 Haymarket, London SW1Y 4SP ("the Chargor")

RECITALS

- (A) Pursuant to the Loan Agreement, the Chargee has agreed to advance sums to the Canadian Producer for the production of the Programme.
- (B) As third party's security for the Canadian Producer's obligations to the Chargee under the Loan Agreement and in consideration of the Chargee advancing sums specified in the Loan Agreement, the Chargor has agreed to execute this Charge as security for payment, satisfaction and discharge of the Secured Liabilities and has determined that it is in its commercial interests to do so

OPERATIVE PROVISIONS

1 INTERPRETATION

1.1 DEFINED TERMS

In this Charge the following capitalised terms shall have the meanings set out below:

"Act" means the Law of Property Act 1925,

"Administrator" means any administrator appointed pursuant to Schedule 1 of the Insolvency Act;

"the Approved Scripts" means the scripts for each episode of the Programme written by Peter Harness and approved by the Chargor as the final shooting scripts, together with the title, themes, contents, narration, pieces to camera, translations, adaptations and all other versions and drafts therefor, whether now or hereafter written,

"the Assigned Property" means all of the Chargor's right, title and interest in and to the following throughout the world for the full period of copyright and thereafter for such additional time as may be possible and lawful

- (a) all rights of every kind and nature in and to any and all versions of the Literary Property,
- (b) all rights of every kind and nature in and to any and all music and musical compositions created for, or from time to time used in, the Programme, including all rights to perform, copy, record, rerecord, produce, publish, reproduce or synchronise all of such music or musical compositions and all record, soundtrack recording and music publishing rights;

- (c) all rights including all copyrights, rights in copyrights, interests in copyrights and renewals and extensions of copyrights, domestic and foreign, common law and statutory, heretofore or hereafter obtained in the Programme and the Literary Property or any part thereof, and the right (but not the obligation) to make publication thereof for copyright purposes, to register claims under copyright, and the right (but not the obligation) to renew and extend such copyrights, and the right (but not the obligation), to sue in the name of Chargor and/or in the name of the Chargee for past, present and future infringements of copyright,
- (d) the following rights for the full period of copyright and thereafter (so far as is possible) in perpetuity
 - (i) all rights to distribute, lease, license, sell or otherwise exploit or deal with the Programme in any and all media (whether now known or hereafter invented or devised), including, without limitation, the rights in the Programme,
 - (ii) all rights to exhibit and broadcast the Programme,
 - (iii) all the allied and ancillary rights (whether now known or hereafter invented) throughout the world vested or hereafter vesting in the Chargor in respect of the Programme and/or the Literary Property and/or any and all versions thereof including soundtrack album rights, music publishing rights, merchandising rights, sponsorship rights, product placement rights, the right to create and publish "books of the Programme" and "books of the making of the Programme" and the right to print and publish or cause or authorise to be printed and published synopses and resumes of any script material written for or used in the Programme for promotional and advertising purposes (provided that any extracts taken from the Work for such purposes shall be limited to seven thousand five hundred (7,500) words in the aggregate) (as all such terms are customarily understood in the motion picture and television industry of England),
 - (iv) all necessary rights to the music and musical compositions contained in the Programme and all rights to the music and musical compositions created for the Programme, including the lyrics and all rights to exploit the same and to produce, publish, reproduce or synchronise all or any of the same with the Programme, and
 - (v) all rights to distribute, lease, license, sell or otherwise exploit or deal with any of the rights referred to above,
- (e) the title of the Programme and all of the Chargor's rights to the exclusive use thereof including rights protected pursuant to registered or unregistered trade mark, service mark, unfair competition, passing off and/or other laws, rules or principles of law or equity,
- (f) all inventions, processes, formulae, licences, patents, patent rights, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, logos, indicia, corporate and company names, business source or business identifiers and renewals and extensions thereof, domestic and foreign, whether now owned or hereafter acquired, and the accompanying good will and other like business property rights relating to the Programme, and the right (but not the obligation) to register claims under trademark or patent and to renew and extend such trademarks or patents and the right (but not the obligation) to sue in the name

of the ~~Chargor~~ or in the name of the Chargee for past, present or future infringement of trademark or patent,

- (g) the benefit of all agreements now or hereafter entered into by the Chargor relating (whether directly or indirectly) to the Programme, including all rights granted and all amounts payable thereunder and the benefit of all undertakings, covenants, representations and warranties made therein,
- (h) all of Chargor's right, title and interest in and to the Tax Credit Collateral (but excluding the Fixed Charge Property described in paragraph (e) of the definition "Fixed Charge Property" below and in and to any and all sums paid or payable to Chargor now due or which hereinafter may become due to Chargor by any state, federal, provincial, or other governmental body or authority directly or indirectly as a tax credit, tax refund, tax subsidy, production credit or similar government benefit, or by any tax shelter, any co-production structure, or any similar transaction, and any and all allied, ancillary and subsidiary rights therein,
- (i) all right to receive payment under, or in connection with, all contracts and policies of insurance or indemnity relating to any of the Collateral taken out by or on behalf of the Chargor or (to the extent of its interest) in which the Chargor has an interest, all claims of whatsoever nature relating thereto and all returns of premiums in respect of such contracts or policies,
- (j) all other accounts receivable, contract rights, general intangibles, intellectual property, investment property, letter of credit rights and supporting obligations, which are related to or used in connection with the Programme,
- (k) all rights in and to any accounts relating to the Programme, including the Production Accounts and the Tax Credit Account, and
- (l) the products and proceeds of any or all of the foregoing,

"the Canadian Producer" means Production Jonathan Strange Inc.,

"the Collateral" means the Assigned Property, the Fixed Charge Property and the Floating Charge Property,

"Encumbrance" means any mortgage, charge, pledge, hypothecation, lien (other than a lien arising solely by operation of law in the normal course of business), assignment, or security interest,

"Event of Default" means any of the events of default listed in the Loan Agreement and/or any breach or default of the terms and conditions of the Interparty Agreement,

"the Fixed Charge Property" means all the Chargor's right, title and interest (whether now owned or hereafter acquired) in and to the following throughout the world

- (a) all physical properties of every kind or nature of or relating to the Programme and all versions thereof, including all physical properties relating to the development, production, completion, delivery, exhibition, distribution or other exploitation of the Programme, and all versions thereof or any part thereof,
- (b) all physical elements of the Programme, including all negatives, duplicate negatives, fine grain prints, soundtracks, positive prints (cut-outs and trims excepted), and all

sound properties, video formats (including PAL/NTSC), and other physical properties in connection with the Programme and the trailer of the Programme, exposed film, developed film, positives, negatives, prints, answer prints, special effects, pre-print materials (including interpositives, negatives, duplicate negatives, internegatives, colour reversals, intermediates, lavenders, fine grain master prints and matrices and all other forms of pre-print elements which may be necessary or useful to produce prints or other copies or additional pre-print elements, whether now known or hereafter devised), soundtracks, recordings, audio and video tapes and discs of all types and gauges, cut-outs, trims, non-analogue recordings and tapes, including any video digital recordings and HDTV format recordings, and any and all other physical properties of every kind and nature relating to the Programme in whatever state of completion, and all duplicates, drafts, versions, variations and copies of each of the aforesaid;

- (c) all machinery, electrical and electronic components, equipment, fixtures, furniture, office machinery, vehicles, trailers, implements and other tangible personal property of every kind and description used or useful in connection with the Programme (including, without limitation, all wardrobe, props, mikes, scenery, sound stages, movable, permanent or vehicular dressing rooms, sets, lighting equipment, cameras and other photographic, sound recording and editing equipment, projectors, film developing equipment and machinery) and all goods of like kind or type hereafter acquired by Chargor in substitution or replacement thereof, and all additions and accessions thereto, wherever any of the foregoing is located,
- (d) any and all documents, receipts or books and records, including, without limitation, documents or receipts of any kind or nature issued by any pledgeholder, warehouseman or bailee with respect to the Programme and any element thereof and the equipment containing such books and records,
- (e) any account in the name of the Chargor into which the Chargee pays funds in respect of the Programme and any other account of the Chargor or in which the Chargor has any rights relating to the Programme including the Production Accounts and the Tax Credit Account and all sums from time to time standing to the credit of such accounts to the Chargor,
- (f) all other properties and things of value which are related to or used in connection with the Programme to the extent the same do not form part of the Assigned Property, and
- (g) the proceeds and products of any and/or all of the foregoing,

"the Floating Charge Property" means

- (a) the business, undertaking, property, assets, revenues, rights and uncalled capital, present and future of the Chargor (but excluding the Fixed Charge Property and the Assigned Property),
- (b) the Fixed Charge Property to the extent (if at all) that the fixed charge over the Fixed Charge Property or any part thereof is for any reason ineffective as a fixed charge, and
- (c) the Assigned Property to the extent (if at all) that the assignment of such Assigned Property or part thereof is for any reason ineffective as an assignment,

"Further Documents" means agreements, documents or instruments in such form and substance as shall be approved or designated by the Chargee which the Chargee may from time to time in its discretion reasonably require or deem necessary or proper to evidence, establish, protect, enforce or secure any of the arrangements or transactions made or

envisaged by the Loan Agreement or any of the Transaction Agreements or more fully to put into effect or carry out the purposes provisions or intent of this Agreement or any of the Transaction Agreements or to operate the Tax Credit Account or the Production Accounts,

"Insolvency Act" means the Insolvency Act 1986 and the rules made thereunder as from time to time amended and in respect of any jurisdiction outside England and Wales includes any local laws regulating the rights of creditors, insolvency officers or the distribution of assets of the Chargor on an insolvency,

"the Interparty Agreement" means the interparty agreement relating to the Programme dated on or about the date hereof between the Chargor, the Canadian Producer, the Chargee and others,

"the Literary Property" means the Approved Scripts and any and all drafts or previous or subsequent versions of it and any other literary, dramatic or musical material of any kind or nature upon which the Programme is (in whole or in part) based or from which it is or may be adapted or inspired or which may from time to time be used or included in the Programme but expressly excluding the Reserved Rights,

"the Loan Agreement" means the offer of financing dated as of October 22, 2013 between the Chargee and the Canadian Producer;

"the Notices of Assignment" mean collectively the acknowledgments and notices of assignment and security entered into among the Chargee and the Canadian Producer with each of Bell media Inc and Roger Cable Network Fund in connection with the Programme,

"the Option Agreement" means the option agreement dated 1 November 2010 between Cuba Pictures Limited and Yellow Curtain Limited with respect to the Work,

"the Production Accounts" means any account opened and maintained by the Chargor in connection with the production of the Programme;

"the Programme" means a series of seven (7) x one (1) commercial television hour television programmes provisionally entitled "Jonathan Strange and Mr Norrell",

"Prohibited Security Interest" means any Encumbrance other than the Encumbrances to which the Chargee consents in the Interparty Agreement,

"Receiver" means any one or more individuals acting as a receiver or manager of any of the Collateral appointed under powers contained in this Charge or the Act and, where the context permits and the law allows, such expression shall include any Administrator appointed by the Chargee,

"the Reserved Rights" means any and all rights reserved to Yellow Curtain Limited pursuant to the Option Agreement including without limitation all remake, sequel, prequel, subsequent series and spin-off rights, stageplay dramatisation rights, radio reading and dramatisation rights, audio only rights (on tape, CD etc), theatric film rights (being the right to produce one or more theatrical feature films based on the Work and to exploit the same and all customary allied and ancillary rights therein in all media now known or hereafter invented including all merchandising relating to such films) and print publication rights (including novelisation rights and all electronic print publication rights in the Work but excluding the right to print and publish or cause or authorise to be printed and published synopses and resumes of any script material written for or used in the Programme for promotional and advertising purposes provided that any extracts taken from the Work for such purposes shall be limited to seven thousand five hundred (7,500) words in the aggregate),

"Secured Liabilities" means all or any money and liabilities which shall from time to time (and whether on or at any time after demand) be due, owing or incurred in whatsoever manner to the Chargee in relation to the Programme whether actually or contingently, solely or jointly and whether as principal or surety (or guarantor), including any money and liabilities of the Chargor or the Canadian Producer owed to a third party which have been assigned or novated or otherwise vested in the Chargee and whether pursuant to the Loan Agreement, the Interparty Agreement, the Notices of Assignment or otherwise,

"Security Period" means the period from the date hereof until all of the Secured Liabilities shall have been unconditionally and irrevocably performed in full and the Chargee has no further obligations to advance any further sums under the Loan Agreement,

"the Tax Credit" means the enhanced tax deduction with a payable cash element in respect of surrendered losses to which Chargor may be entitled in respect of the UK Qualifying Expenditure as set out in the Tax Credit Legislation,

"the Tax Credit Account" means the bank account opened and maintained by the Chargor for payment of the UK Tax Credit Amount,

"the Tax Credit Amount" means the total Tax Credit, if any, payable by HM Revenue and Customs in respect of the Programme, including all Tax Credit amounts generated from contingent payments (including residual payments, royalties, deferments, profit participations and other contingent amounts) relating to the Programme,

"the Tax Credit Collateral" means the Tax Credit Amount, the right to make a claim for and receive the Tax Credit and the Tax Credit Account and all sums standing to the credit of it, and any and all other rights and benefits relating to the Tax Credit for the Programme,

"Tax Credit Legislation" means all legislation and guidance notes relating to the Tax Credit including (a) Part 15A of the Corporation Tax Act 2009 (as inserted by the Finance (No 2) Act 2013), (b) The Cultural Test (Programmes and Video Games) Regulations 2013, all as the same may be amended, supplemented and enacted into law;

"the Transaction Agreements" means any and all agreements relating to the Programme to which either the Canadian Producer or the Chargor is a party,

"UK Qualifying Expenditure" means expenditure incurred on the pre-production, production and post-production of the Programme which satisfies the requirements of Part 15A of the Corporation Tax Act 2009 (as amended from time to time) and that will determine the final value of the Tax Credit, and

"the Work" means the published literary work entitled "Jonathan Strange and Mr Norrell" written by Susanna Clarke

12 REFERENCES

Each reference in this Charge to

- (a) 'copyright', 'film', 'sound recordings', 'copies of films and sound recordings' and to all other rights therein mentioned shall (where the context requires or admits) be construed in accordance with the Copyright, Designs and Patents Act, 1988 (UK),
- (b) any statute, statutory provision, delegated legislation, code or guideline is a reference to the same as it may from time to time be amended, modified, extended, varied, superseded, replaced, substituted or consolidated,
- (c) 'writing', and any cognate expression, includes a reference to any communication effected by facsimile transmission or similar means,
- (d) 'this Charge' is a reference to this Deed of Assignment and Charge as amended, modified, supplemented or restated (where and as permitted by this Charge) at the relevant time;
- (e) any other agreement, deed, instrument or document is to the same as amended, modified, supplemented or restated from time to time,
- (f) 'including' means including without limitation,
- (g) a Clause is a reference to a provision of this Charge (other than a Schedule),
- (h) 'the Chargee' includes a reference to its successors in title and permitted assignees,
- (i) a person includes a reference to any body corporate, unincorporated association, partnership or other legal entity,
- (j) the singular includes the plural and vice versa, and
- (k) words importing any gender include any other gender

13 CLAUSE HEADINGS

The headings in this Charge are for convenience only and shall not affect its interpretation

2 COVENANT TO PAY

In consideration of the Chargee. (i) agreeing to loan the sums specified in the Loan Agreement (which the Chargor agrees is of benefit to it), (ii) agreeing to the terms of the Interparty Agreement and all other Transaction Agreements to which the Chargor is a party, and (iii) paying to the Chargor the sum of £1 (the receipt and adequacy of which is hereby acknowledged by the Chargor) the Chargor hereby covenants with the Chargee to pay or discharge to the Chargee the Secured Liabilities (as and when they fall due under the Loan Agreement or otherwise)

3 ASSIGNMENT AND TRUST

- 3.1 The Chargor with full title guarantee and as a continuing security for the full and timely payment, performance and discharge of the Secured Liabilities assigns the Assigned Property absolutely to the Chargee (and in so far as necessary by way of present assignment of future copyright pursuant to Section 91 of the Copyright Designs and Patents Act 1988)

- 3.2 - The Chargor shall hold on trust for the Chargee (which trust the Chargor hereby declares) the Chargor's entire interest and benefit in and to the Collateral or any part thereof which cannot be charged or assigned by the Chargor together with all proceeds, money and other rights or benefits to which the Chargor is beneficially entitled in respect of such Collateral

4 FIXED CHARGE

The Chargor with full title guarantee charges the Fixed Charge Property to the Chargee by way of first fixed charge as a continuing security for the payment, performance and discharge of the Secured Liabilities.

5 FLOATING CHARGE

5.1 CHARGE

The Chargor with full title guarantee charges the Floating Charge Property to the Chargee by way of first floating charge as a continuing security for the payment, performance and discharge of the Secured Liabilities

5.2 CONVERSION TO A FIXED CHARGE

The Chargee may, to the extent permitted by law, at any time by notice in writing to the Chargor, convert the floating charge into a fixed charge as regards any of the Floating Charge Property upon the happening of any Event of Default and the Chargor shall promptly execute a fixed charge or a legal assignment over such assets in such form as the Chargee shall require and in any event, the floating charge shall automatically be converted into a fixed charge as regards the Floating Charge Property without notice from the Chargee to the Chargor upon the happening of any Event of Default

5.3 AUTOMATIC CONVERSION

If, without prior written consent of the Chargee

- (a) the Chargor creates, agrees to create or permits to subsist any Prohibited Security Interest on, over, or with respect to, the Floating Charge Property or any part of it, or attempts to do so, or
- (b) any person levies, or attempts to levy, any distress, attachment, execution or other legal process against the Floating Charge Property or any part of it,

the floating charge over such Floating Charge Property or part thereof that is the subject of such Prohibited Security Interest or process shall be deemed to have been automatically converted into a fixed charge the instant before such event occurs

5.4 PART 14 OF SCHEDULE B1 OF THE INSOLVENCY ACT

Paragraph 14 of Schedule B1 of the Insolvency Act shall apply to the floating charge created by this Charge

6 NEGATIVE PLEDGE

The Chargor undertakes that it shall not, without the prior written consent of the Chargee, create, agree to create or allow to subsist any Prohibited Security Interest on or over the Collateral or any part of it

7 INTENTIONALLY DELETED

8 DEFAULT

8.1 EVENT OF DEFAULT

On the happening of any Event of Default (if the Event of Default, if capable of remedy, remains uncured in accordance with the provisions of the Loan Agreement) or at any time thereafter the security created by this Charge shall become enforceable, and, on the expiry of written notice requiring remedy within the cure period (or at any time after such expiry) in the case only of an Event of Default capable of remedy by the Chargor and, in all other cases, at once, the Secured Liabilities shall immediately become due and payable, and thereafter (or at any time if the Chargor requests the same and the Chargee in its absolute discretion agrees) the Chargee may, in respect of the Collateral or any part of it

- (a) sell, call in, convert into money or otherwise, take possession of, hold, dispose of or deal with any part of the Collateral in such manner and upon such terms as it shall think fit;
- (b) appoint one or more persons to be a Receiver of some or all of the Collateral;
- (c) appoint an Administrator of the Chargor,
- (d) exercise the power of sale and other powers conferred by section 101 of the Act without the restrictions imposed by section 103 of the Act; and
- (e) exercise all or any of the powers conferred upon the Chargee by this Charge or otherwise conferred by statute or common law on mortgagees

8.2 RIGHTS PRIOR TO ENFORCEMENT

Upon this Charge becoming enforceable the Chargee may exercise any discretions, options, remedies and other rights of whatever nature assigned or charged to it pursuant to this Charge as if it were the sole and absolute beneficial owner of the same and, to the extent that the Chargee considers it necessary to issue legal proceedings to enforce any such discretion, option, remedy or other right against the relevant counterparty, the Chargor irrevocably consents to the use of its name in any legal proceeding and agrees to be joined as a party to the same if reasonably required by the Chargee

9 APPOINTMENT OF RECEIVER

9.1 APPOINTMENT AND REMOVAL

- (a) Upon this security becoming enforceable, or at any time if so requested by the Chargor, the Chargee may, subject to statutory restrictions, appoint any person or persons as a Receiver. Joint Receivers may act jointly or severally
- (b) The Chargee may remove any Receiver appointed under this Charge and appoint any person or persons as Receiver either in the place of a Receiver so removed or who has otherwise ceased to act or to act jointly with a Receiver previously appointed under this Charge
- (c) Every such appointment or removal and every delegation, appointment or removal by the Chargee in the exercise of any right to delegate its powers or to remove delegates herein contained may be made either by deed or by instrument in writing under the hand of any duly authorised officer of the Chargee or any person so authorised in writing in that behalf by any such officer

9 2 AGENCY

The Receiver shall, at all times and for all purposes, be deemed to be the agent of the Chargor and the Chargor (to the exclusion of the Chargee) shall be solely responsible for his acts or defaults and for his remuneration

9 3 REMUNERATION

- The Receiver shall be entitled to remuneration for his services and the services of his firm appropriate to the work and responsibility involved upon the basis of charging from time to time adopted by the Receiver or his firm and without being limited by the maximum rate specified in Section 109(6) of the Act. From time to time, the Chargee may fix the remuneration of the Receiver and direct that such remuneration be paid from monies accruing to the Receiver in the exercise of his powers as receiver, but the Chargor alone shall be liable for the payment of such remuneration

9 4 POWERS

The Receiver shall, until his removal, and notwithstanding any administration or liquidation of the Chargor have the powers set out in Section 109 of the Act and in Schedule 1 to the Insolvency Act and, in addition, shall have power either in his own name or in the name of the Chargor

- (a) to take possession of, get in or realise the Collateral and to take, enforce, defend or abandon any actions, suits and proceedings in the name of the Chargor or otherwise solely in relation to the Collateral as he or the Chargee shall think fit,
- (b) to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person who is or claims to be a creditor of the Chargor relating in any way to the Collateral or any part thereof,
- (c) to assign, sell, lease, license (including, but not in limitation, by appointing a replacement distributor to distribute and exploit the Programme and the Distribution Rights in place of the Chargor), grant options to sell, deal with or manage or concur in assigning, selling, leasing, licensing, granting options to sell, dealing with or managing and to vary, terminate or accept surrenders of leases or licences of any of the Collateral in such manner and generally on such terms and conditions as the Chargee or the Receiver shall think fit and to carry any such transactions into effect in the name of and on behalf of the Chargor or otherwise,
- (d) to take any steps that may be necessary or desirable to effect compliance with all or any of the agreements or contracts charged or assigned to the Chargee by this Charge,
- (e) to carry on, manage or concur in carrying on and managing the business of the Chargor in relation to the Programme or any part thereof and the Chargor acknowledges that it shall not seek to prevent the Receiver from so carrying on or managing,
- (f) to raise or borrow any money that may be required upon the security of the whole or any part of the Collateral or without such security,
- (g) to give valid receipts for all moneys and execute all assurances and things which may be proper or desirable for realising the Collateral,

- (h) to appoint and discharge advisers, managers, agents, employees, contractors and workmen in relation to the business of the Chargor relating to the Programme at such salaries and for such periods as the Receiver may determine;
- (i) to make any arrangement or compromise pay any compensation or incur any obligation and enter into any contracts in relation to the Collateral which the Receiver shall think expedient in the interests of the Chargee,
- (j) to make, effect and do all maintenance, repairs, developments, reconstructions, improvements, furnishings, equipment, insurances, alterations or additions to or in respect of the Collateral in the interests of the Chargee for maintaining the value of the Collateral in every such case as the Chargee or he shall think fit,
- (k) to promote the formation of companies with a view to purchasing, leasing, licensing or otherwise acquiring interests in all or any of the Collateral, to arrange for such companies to trade or cease to trade and to purchase, lease, license or otherwise acquire all or any of the Collateral on such terms and conditions whether or not including payment by instalments secured or unsecured as the Receiver shall think fit,
- (l) to manage, develop, reconstruct, improve, amalgamate or diversify or concur in managing, developing, reconstructing, improving, amalgamating or diversifying the business in relation to the Programme of the Chargor,
- (m) to exercise in relation to the Collateral or any part of it an election in accordance with paragraph 2 of Schedule 10 to the Value Added Tax Act 1994 and/or to revoke any such election,
- (n) to do all such other acts and things as may be considered to be incidental or conducive to any of the matters or powers aforesaid and which he lawfully may or can do, and
- (o) to exercise all such other power and authority in relation to the Collateral as the Chargee shall think fit and so that the Chargee and/or the Receiver may in relation to all or any part of the Collateral exercise and confer any powers and authorities which the Chargee or the Receiver could exercise and confer if it were the absolute beneficial owner thereof and to use the name of the Chargor for any such purposes

9 5 TAKEOVER

In addition, but without prejudice, to the foregoing remedies if the security created by this Charge becomes enforceable the Chargee shall (without prejudice to the statutory power of sale conferred by the Act) be entitled to take over and complete the production of the Programme on notice to the Chargor, and entitled to sell the Collateral or any part or parts thereof or otherwise exploit or turn to account the Collateral for such price and in such manner as the Chargee in its absolute discretion may think fit, without any formalities, all of which are hereby waived by the Chargor, other than the formality of first notifying the Chargor of its intention to exercise such rights. The Chargee shall be entitled to repayment of all costs and charges in connection therewith including all costs fees and charges it may incur as a consequence of the enforcement hereof

9.6 CHARGEES POWERS

All the powers, authorities and discretions which are conferred by this Charge either expressly or impliedly upon the Receiver may be exercised by the Chargee in relation to the Collateral or any part of it without first appointing a Receiver or notwithstanding the appointment of a Receiver.

9.7 POWERS TO BE ADDITIONAL

The powers conferred by this Charge in relation to the Collateral on the Chargee or on the Receiver shall be in addition to, and not in substitution for, the powers conferred on mortgagees or receivers under the Act and the Insolvency Act or otherwise available at law

9.8 DELEGATION OF POWERS

- (a) The Chargee and any Receiver may, at any time and from time to time, delegate by power of attorney or in any other manner (including, under the hand of any duly authorised officer of the Chargee) to any person all or any of the powers, authorities and discretions which are, for the time being, exercisable by the Chargee or any Receiver under this Charge, the Act or the Insolvency Act in relation to the Collateral or any part of it, and any such delegation may be made upon such terms and conditions (including power to sub-delegate) and subject to such regulations as the Chargee or the Receiver (as the case may be) may think fit
- (b) Except for negligence in its selection of any such delegate, the Chargee and the Receiver shall not be in any way liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any such delegate (or sub-delegate)

9.9 CONFLICT

If there is any ambiguity or conflict between the powers conferred on the Receiver by the Act, Schedule 1 of the Insolvency Act and the powers conferred by this Clause 9, the powers conferred by this Clause 9 shall prevail

10 APPROPRIATION

10.1 APPROPRIATION

Upon the happening of any Event of Default or at any time thereafter (if the Event of Default, if capable of remedy, remains uncured in accordance with the provisions of the Loan Agreement) all money received by the Chargee or the Receiver shall be applied in the following order:

- (a) in payment of the remuneration of the Receiver and the costs of realisation including all costs and expenses of, or incidental to, any exercise of any power conferred by this Charge,
- (b) in, or towards, the payment and performance of any debts or other liabilities which are by statute made payable in preference to the Secured Liabilities to the extent to which such debts or liabilities are made so payable, and
- (c) (when so required) in or towards satisfaction of the Secured Liabilities in such order as the Chargee or the Receiver shall, in his absolute discretion, determine

and the surplus (if any) shall be applied in accordance with the Interparty Agreement.

10.2 VARIATION OF STATUTES

The provisions of Clause 10 1 shall take effect as and by way of variation and extension of the provisions of Sections 99 to 109 inclusive of the Act, which provisions so varied and extended shall be regarded as incorporated herein

10.3 SUSPENSE ACCOUNT

The Chargee may, in its absolute discretion at all times pending the payment to the Chargee of the whole of the Secured Liabilities, place and keep to the credit of a separate or suspense account any money received by the Chargee by virtue of this Charge for so long and in such manner as the Chargee may determine without any obligation to apply the same or any part thereof in or towards the discharge of the Secured Liabilities

11 CHARGE IN POSSESSION

11 1 RECEIPTS

The Chargee shall not, in any circumstances either by reason of any entry by it into, or taking by it of possession of, the Collateral or any part of it or for any other reason whatsoever and whether as mortgagee in possession or on any other basis whatsoever

- (a) be liable to account to the Chargor for anything except the Chargee's own actual receipts,
- (b) be liable to the Chargor for any loss or damage arising from
 - (i) any realisation by the Chargee of the Collateral or any part of it; or
 - (ii) any act, default or omission of the Chargee in relation to the Collateral or any part of it, or
 - (iii) any exercise or non-exercise by the Chargee of any power, authority or discretion conferred upon it in relation to the Collateral or any part of it by, or pursuant to, this Charge, the Act or by the Insolvency Act,

except to the extent that such loss or damage is caused by the Chargee's own gross negligence or wilful default

11.2 RECEIVERS AND DELEGATES

The provisions of Clause 11 1 shall apply in respect of the liability of the Receiver and in respect of the liability of any such delegate (or sub-delegate) as aforesaid in all respects as though every reference in Clause 11 1 to the Chargee were instead a reference to the Receiver or, as the case may be, to such delegate (or sub-delegate)

12 CHARGE'S DISCRETION

12 1 CHARGE MAY CURE BREACHES OF COVENANTS

In the event of the failure of the Chargor to observe or perform the provisions of this Charge the Chargee may do all such acts and things as may be necessary to secure the observance or performance thereof and nothing done by the Chargee in the exercise of this power shall as between the Chargee and the Chargor make the Chargee liable as a mortgagee in possession

12.2 EXPENSES SO INCURRED

All monies expended and all costs incurred by the Chargee in carrying out any of its discretions or powers referred to in Clause 12.1 shall be considered to have been properly incurred by the Chargee, shall constitute expenses and shall be recoverable from the Chargor upon demand and shall accordingly be part of the Secured Liabilities

13 NEW ACCOUNT

If the Chargee receives notice (either actual or constructive) of any Prohibited Security Interest or other interest affecting the Collateral or any part of it, the Chargee may open a new account or accounts with the Chargor. If the Chargee does not open a new account it shall nevertheless be treated as if it had done so at the time when it received notice or was deemed to have received such notice and, as from that time, all payments made by or on behalf of the Chargor to the Chargee shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from the Chargor to the Chargee at the time when it received notice or was deemed to have received such notice

14 CONSOLIDATION AND SET OFF

14.1 COMBINING OF ACCOUNTS

The Chargee shall have, in addition to any general lien or similar right (if any) to which it may be entitled by law, the right at any time or times and without notice to the Chargor (as well before as after any demand under this Charge) to combine or consolidate all or any of the then existing accounts (including accounts in the name of the Chargee) with any liabilities to the Chargee of the Chargor

14.2 SET-OFF

The Chargee may set-off any liability or obligation (whether matured or not) owed by the Chargor under any of the Transaction Agreements against any liability or obligation (whether or not matured) owed by the Chargee to the Chargor, regardless of the place of payment, booking branch or currency of either obligation. If the respective obligations are in different currencies, the Chargee may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Chargee may set-off in an amount estimated by it in good faith to be the amount of that obligation

15 LAW OF PROPERTY ACT 1925

The restriction on consolidation of mortgages contained in Section 93 of the Act shall not apply to this security. The powers conferred by Section 101 of the Act, as varied and extended by this Charge, shall be deemed to have arisen immediately on the execution of this Charge

16 LAW OF PROPERTY (MISCELLANEOUS PROVISIONS) ACT 1989

The terms of the other Transaction Agreements and of any side letters between the parties to this Charge in relation to the Transaction Agreements are incorporated into each Transaction Agreement to the extent required for any purported disposition of any property contained in any Transaction Agreement to be a valid disposition within section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989

17 PROTECTION FOR PURCHASERS

- (a) No person dealing with the Chargee or with the Receiver or with any such delegate or sub-delegate as aforesaid shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by this Charge in relation to the Collateral or any part of it is or may be exercisable by the Chargee, the Receiver, delegate (or sub-delegate) or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers, and all the protection to purchasers contained in Sections 104 and 107 of the Act and Sections 42 of the Insolvency Act shall apply to any person purchasing from, or dealing with, the Chargee or the Receiver, delegate or sub-delegate in like manner as if the statutory powers of sale and of appointing a Receiver in relation to the Collateral or any part of it had not been varied or extended by this Charge
- (b) In favour of a purchaser the Secured Liabilities shall be deemed to have become due on the date a demand for the same is made by the Chargee and all powers exercisable by the Chargee under this Charge shall be exercisable from that time.

18 FURTHER ASSURANCE AND POWER OF ATTORNEY

18.1 FURTHER ASSURANCE

The Chargor shall, at any time if and when required by the Chargee ?

- (a) execute in favour of the Chargee (or as the Chargee shall direct) such further legal or other assignments, mortgages, securities or charges as the Chargee may reasonably require of, and on, the Collateral or any part of it in order to secure the payment and discharge of the Secured Liabilities insofar as the Chargor is lawfully entitled so to do and subject to any third party consents which are required being obtained (which the Chargor covenants to use its reasonable endeavours to obtain), such assignments, mortgages, securities or charges shall be prepared by, or on behalf of, the Chargee at the cost of the Chargor and shall contain all such provisions as the Chargee may reasonably require, and
- (b) at its own expense furnish the Chargee with, and shall execute acknowledge and deliver and cause to be executed acknowledged and delivered to the Chargee whether under hand, under seal or as a deed (as required by the Chargee), any Further Documents

18.2 ATTORNEY

For the purpose of securing the interest of the Chargee in the Collateral or any part of it and for facilitating the perfection or realisation of the security constituted by this Charge and/or for the purpose of executing any Further Documents which the Chargor does not execute within 10 Business Days of the Chargee requesting that the Chargor executes the same, the Chargor irrevocably and by way of security appoints each of the Chargee and any Receiver to be its attorney (with full power to appoint delegates and to sub-delegate in both cases with regard to the Collateral or any part of it) on its behalf and in its name or otherwise and as its act and deed to sign, execute and do any Further Document or any other deed, document, act or thing which the Chargor is or may become obliged to sign, execute and do pursuant to this Charge or which the Chargee or the Receiver may, in its or his absolute discretion, consider appropriate in connection with the exercise of any of the powers of the Chargee or of the Receiver or the perfection, protection or realisation of any security constituted by this Charge and which the Chargor does not sign, execute or do within 5 Business Days of being requested to do so The Chargee shall supply the Chargor with copies of any such deeds or documents executed by the Chargee or any Receiver as attorney for the Chargor pursuant to this Clause 18.2 but a failure to do so shall not be a breach of this Charge or affect the Chargee's rights under it The powers contained in this Clause 18.2 are additional to any powers the Chargee may be granted pursuant to the Transaction Agreements

18.3 RATIFICATION

The Chargor shall, upon written request of the Chargee, ratify and confirm the actions which the Chargee or the Receiver or any delegate or sub-delegate carries out in its capacity as attorney for the Chargor as provided in Clause 18.2, and the Chargee, the Receiver, delegate or sub-delegate in its capacity as attorney may, on behalf of the Chargor, so ratify and confirm.

19 WARRANTIES, REPRESENTATIONS, UNDERTAKINGS AND COVENANTS OF THE CHARGOR

The Chargor repeats in favour of the Chargee the warranties, representations, undertakings and covenants given by it to the Chargee in the Interparty Agreement as if the same were set forth and incorporated in this Charge mutatis mutandis and, in addition, hereby represents, warrants and undertakes to the Chargee that:

- (a) save as otherwise acknowledged in the Interparty Agreement or any other Transaction Agreement, it has not sold, assigned or in any way encumbered any of its rights, title and interest in and to the Collateral and, without prejudice to the rights of the Chargor pursuant to Clause 7 above, that it will not hereafter sell, assign or in any way encumber any of such right, title or interest without the prior written consent of the Chargee,
- (b) save as otherwise acknowledged in the Interparty Agreement or the PSA, it will not use or allow to be used or do any act or omit to do any act or enter into any arrangement with any third party in relation to the Collateral in any manner which may materially or adversely affect its value, and
- (c) it has full power and title to assign (by way of security) the Assigned Property and to charge the Fixed Charge Property and the Floating Charge Property herein and has taken all corporate action necessary to authorise the execution and performance of this Charge

20 INDEMNITIES AND EXPENSES

20.1 GENERAL INDEMNITY

The Chargor indemnifies, and agrees to keep indemnified, the Chargee, the Receiver and any of their managers, contractors, agents, officers or employees for whose liability, acts or omissions the Chargee or, as the case may be, the Receiver may be answerable, from and against all liabilities, costs, charges, losses and expenses suffered or incurred by them arising from or as a result of:

- (a) the exercise or the purported exercise of any powers, authorities or discretions vested in them in accordance herewith,
- (b) any breach by the Chargor of any covenants or other obligations to the Chargee under this Charge,
- (c) the enforcement of the provisions of this Charge; or
- (d) any action, claim or proceeding relating to any of the above

20.2 INDEMNIFICATION OF EXPENSES

The Chargor covenants that it shall pay to the Chargee on demand the following items of expenditure -

- (a) all expenses including legal and out-of-pocket expenses (on a full indemnity basis) incurred by the Chargee in connection with
 - (i) the preparation and negotiation of documentation relating to any amendment or extension of this Charge, regardless of the form which such documentation takes and whether or not such documentation is acceptable to, and/or executed by, any or all parties thereto, and
 - (ii) the granting of any waiver, approval, consent, confirmation or release under, or in respect of, this Charge, and
 - (iii) any investigation or due diligence into the financial or other condition of the Chargor or into ascertaining whether or not the Chargor has complied or is complying with the provisions of any of the Transaction Agreements;
- (b) an amount equal to any stamp duties, search fees, registration fees and duties payable in connection with this Charge and any penalties with respect to, or resulting from the Chargor's delay or omission to pay any such duties or fees, and
- (c) all expenses (including legal and out of pocket expenses on a full indemnity basis) incurred by the Chargee-
 - (i) in contemplation of, or otherwise in connection with, the enforcement of any rights or exercise of any powers under this Charge or in investigating any possible breach by the Chargor of the provisions of any of the Transaction Agreements, or
 - (ii) in respect of any proceedings (legal or otherwise) involving the Chargee in connection with this Charge or property secured by this Charge, whether such proceedings are brought by the Chargor or a third party

20 3 VAT

All payments to be made by the Chargor pursuant to this Charge shall be paid together with Value Added Tax (if any) thereon

21 NOTICES

The provisions of clause 16 3 of the Interparty Agreement shall apply to any notices under this Charge as if the same were hereinafter set out in full

22 GOVERNING LAW AND JURISDICTION

This Charge and all matters and any non-contractual obligations or liabilities arising from or connected with it shall be governed by, and construed in accordance with, the laws of England and Wales, and the Chargor submits to the exclusive jurisdiction of the courts of England and Wales provided however that the Chargee may commence and maintain any action against the Chargor arising under this Charge in the courts of any other jurisdiction. The Chargor irrevocably waives any objection it might have to the courts of England being nominated as the forum to hear and decide any proceedings brought before it and to settle any dispute which may arise out of or in any way in connection with this Charge and agrees not to claim that the courts of England are not a convenient or appropriate forum for these purposes

23 NATURE OF THE SECURITY

23.1 ADDITIONAL SECURITY

The security created by this Charge is in addition to any other security that the Chargee may now or from time to time hold or take from the Chargor or any third party

23.2 CONTINUING SECURITY

This Charge shall be a continuing security to the Chargee notwithstanding any intermediate payment or settlement of account or any other matter whatever, and shall be in addition to, and shall not prejudice or be prejudiced by, any right of lien, set-off, combination of accounts or other rights exercisable by the Chargee against the Chargor or any security, guarantee, indemnity and/or negotiable instrument now or in the future held by the Chargee

23.3 NO MERGER

Nothing herein contained shall operate so as to merge or otherwise prejudice or affect any bill, note, guarantee, mortgage or other security or any contractual or other right which the Chargee may at any time have for any money or liabilities or other sums due or incurred by the Chargor to the Chargee or any right or remedy of the Chargee thereunder and any receipt, release or discharge of the security provided by, or of any liability arising under, this Charge shall not release or discharge the Chargor from any liability to the Chargee for the same or any other moneys which may exist independently of this Charge

23.4 COLLATERAL SECURITY

Where the security given to the Chargee by this Charge initially takes effect as a collateral or further security then notwithstanding any receipt, release or discharge endorsed on, or given in respect of, or under, the principal security to which this Charge operates as a collateral or further security, the security provided by this Charge shall, in respect of any moneys which were originally intended to be secured, be an independent security for any such moneys

23.5 SECURITY INTEREST NOT TO BE AFFECTED

Neither the security created by this Charge nor the liability of the Chargor for the Secured Liabilities shall be prejudiced or affected by.

- (a) any variation or amendment of, or waiver or release granted under or in connection with, any other Security Interest or any guarantee or indemnity or other document,
- (b) time being given, or any other indulgence or concession being granted, by the Chargee to the Chargor, the Canadian Producer or any other person,
- (c) the taking, holding, failure to take or hold, varying, realisation, non-enforcement, non-perfection or release by the Chargee or any other person of any other Security Interest, or any guarantee or indemnity or other document,
- (d) the winding-up or administration of the Chargor, the Canadian Producer or any other person,
- (e) any change in the constitution of the Chargor or the Canadian Producer,
- (f) any amalgamation, merger or reconstruction that may be effected by the Chargee with any other person or any sale or transfer of the whole or any part of the property, assets and undertaking of the Chargee to any other person,

- (g) the existence of any claim, set-off or other right which the Chargor may have at any time against the Chargee or any other person,
- (h) the making or absence of any demand for payment of the Secured Liabilities on the Chargor, the Canadian Producer or any other person, whether by the Chargee or any other person,
- (i) any arrangement, moratorium or compromise entered into by the Chargee with the Chargor, the Canadian Producer or any other person, or
- (j) any other thing done or omitted or neglected to be done by the Chargee or any other person or any other dealing, fact, matter or thing which, but for this provision, might operate to prejudice or affect the liability of the Chargor for the Secured Liabilities

24 RELEASE AND REDEMPTION

24.1 CONDITIONAL DISCHARGE

Any release, settlement or discharge between the Chargee and the Chargor shall be conditional upon no security, disposition or payment to the Chargee by the Chargor or any other person being avoided, set aside, reduced or ordered to be refunded by virtue of any statutory provision relating to insolvency or liquidation for the time being in force or for any reason whatsoever. If the same is so avoided, set aside, reduced or ordered to be refunded, the Chargee shall be entitled to recover the value or amount of any such security or payment from the Chargor subsequently as if such settlement or discharge had not occurred, and the Chargor assigns and charges the Collateral on mutatis mutandis the terms of Clauses 3, 4 and 5 with any liability, actual or contingent, under this Clause.

24.2 RETENTION OF SECURITY

The Chargee shall be entitled to retain this Charge for the duration of the Security Period

24.3 FINAL REDEMPTION

Subject to and without prejudice to Clause 24.1, once the Chargee is in its sole and unfettered discretion satisfied that all the Secured Liabilities have been paid, performed and discharged in full and all facilities which might give rise to the Secured Liabilities have been terminated, and the Chargee is satisfied that it has no further obligation whether actual or contingent to make any credit or other accommodation available to the Chargor or the Canadian Producer under the Transaction Agreements, then the Chargee shall, at the request and cost of the Chargor, execute and do all such deeds, acts and things as may be reasonably necessary to release the Collateral from the assignments mortgages and charges contained in this Charge, including (a) reassigning to the Chargor the Chargor's right title and interest in and to the Assigned Property and (b) releasing to the Chargor the Chargor's right, title and interest in and to the Fixed Charge Property and the Floating Charge Property

- 24.4** Where any release and discharge (whether in respect of the Secured Liabilities or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on bankruptcy, liquidation or otherwise, the security constituted by this Charge (and the liability of the Chargor in respect thereof) shall continue or shall be reinstated as if there had been no such discharge or arrangement. The Chargee shall be entitled to concede or compromise any claim that any such payment, security or other disposition is liable to avoidance or repayment

24.5 PRIOR SECURITY INTERESTS

The Chargee may redeem any prior Prohibited Security Interest or any prior Security Interest and may settle and prove the accounts of the beneficiary of that prior Prohibited Security Interest or prior Security Interest, and accounts so settled and proved shall be conclusive and binding on the Chargor and the money so paid shall be a receivership expense and be secured by this Charge

25 MISCELLANEOUS

25.1 COUNTERPARTS

This Charge may be executed in any number of counterparts and this has the same effect as if the signatures on the separate counterparts were on a single copy of this Charge.

25.2 ASSIGNMENTS

The Chargor may not assign any of its rights under this Charge. The Chargee may assign the benefit of this Charge.

25.3 SEVERABILITY

If any provision of this Charge is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect -

- (a) the validity or enforceability in that jurisdiction of any other provision of this Charge, or
- (b) the validity or enforceability in any other jurisdiction of that or any other provision of this Charge

25.4 THE CHARGEES RIGHTS

The rights of the Chargee under this Charge

- (a) may be exercised as often as necessary,
- (b) are cumulative and not exclusive of its rights under the general law, and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right

25.5 NO PARTNERSHIP

Nothing herein shall constitute a partnership or a joint venture between the parties and no party is or shall hold itself out as the agent or partner of the other


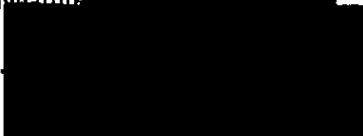
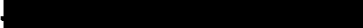

25.6 LIABILITY TO THIRD PARTIES

A person who is not a party to this Charge has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Charge (but this does not affect any right or remedy of a third party which exists or is available apart from that Act)

In Witness Whereof this Charge has been duly entered into and delivered the day and year first above written.

DULY EXECUTED AND DELIVERED as a DEED) on behalf of) JSMN (CD) LIMITED) acting by its director) in the presence of)		<div data-bbox="1018 454 1385 533" data-label="Text"><p>Nick Marston's signature</p></div> <div data-bbox="901 548 1220 694" data-label="Text"><p>[Redacted Signature]</p></div> <div data-bbox="885 689 981 716" data-label="Text"><p>Director</p></div> <div data-bbox="901 750 1356 862" data-label="Text"><p>[Redacted Name]</p></div> <div data-bbox="885 851 1029 873" data-label="Text"><p>PRINT NAME</p></div>
<div data-bbox="470 705 790 761" data-label="Text"><p>J Coleman's signature</p></div> <div data-bbox="255 828 414 862" data-label="Text"><p>Witness Signature</p></div> <div data-bbox="255 896 335 929" data-label="Text"><p>Name</p></div> <div data-bbox="606 873 965 918" data-label="Text"><p>J Coleman's printed name</p></div> <div data-bbox="1117 884 1524 929" data-label="Text"><p>Nick Marston's printed name</p></div> <div data-bbox="255 963 359 996" data-label="Text"><p>Address</p></div> <div data-bbox="861 996 1157 1041" data-label="Text"><p>J Coleman's address</p></div>		
DULY EXECUTED AND DELIVERED as a DEED) on behalf of) NATIONAL BANK OF CANADA) acting by its authorised signatory) in the presence of)		<div data-bbox="885 1310 1117 1344" data-label="Text"><p>Authorised signatory</p></div>
<div data-bbox="255 1489 470 1523" data-label="Text"><p>Witness Signature</p></div> <div data-bbox="255 1556 343 1579" data-label="Text"><p>Name</p></div> <div data-bbox="255 1612 359 1646" data-label="Text"><p>Address</p></div>		

In Witness Whereof this Charge has been duly entered into and delivered the day and year first above written

DULY EXECUTED AND DELIVERED as a DEED on behalf of JSMN (CD) LIMITED acting by its director in the presence of)))))	
		Director _____
Witness Signature.		PRINT NAME _____
Name..... ..		
Address		
.		
		Renée Grégoire's signature
DULY EXECUTED AND DELIVERED as a DEED on behalf of NATIONAL BANK OF CANADA acting by its authorised signatory in the presence of)))))	 Authorised signatory
Witness Signature: 		Julie St-Germain's signature
Name .. 		Julie St-Germain's address
Address 		
.		