

SUMMARY OF CURRENT DOCUMENT							
Name of Issuing Person or Party	Hickman Motors Limited						
Date of Document	February 7, 2003						
Reference Application	ABN-AMRO Leasing, a Division of ABN-AMRO Bank N.V., Canada Branch						
Summary of Order/ Relief Sought or Statement of Purpose for Filing	<p>Reply of Hickman Motors Limited to <i>Interlocutory Application</i> (Inter Partes) of AAL, in respect of the following asset of Hickman Equipment:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Model</th> <th style="text-align: left;">Serial No.</th> <th style="text-align: left;">Proceeds</th> </tr> </thead> <tbody> <tr> <td>John Deere Dozer</td> <td>T0450HX874682</td> <td>\$60,000</td> </tr> </tbody> </table>	Model	Serial No.	Proceeds	John Deere Dozer	T0450HX874682	\$60,000
Model	Serial No.	Proceeds					
John Deere Dozer	T0450HX874682	\$60,000					
Court Sub-File Number	7.24						

2002 01T 0352

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR

AND IN THE MATTER OF a Court ordered Receivership of Hickman Equipment (1985) Limited (“Hickman Equipment”) pursuant to Rule 25 of the *Rules of the Supreme Court, 1986* under the *Judicature Act, R.S.N.L. 1990, c. J-4*, as amended

AND IN THE MATTER OF the *Bankruptcy and Insolvency Act*, Chapter B-3 of the Revised Statutes of Canada, 1985, as amended (the “BIA”)

AFFIDAVIT

I, Gary C. Bishop, of the City of St. John’s, in the Province of Newfoundland and Labrador, Chartered Accountant, make oath and say as follows:

1. I am Vice-President, Finance and Chief Financial Officer of Hickman Motors Limited (“Hickman Motors”). From November 2000 up to the amalgamation of Hickman Motors with Hickman Leasing Limited (“Hickman Leasing”), I was a director of Hickman Leasing. From October 1996 up to the said amalgamation, I was Secretary-Treasurer of

Hickman Leasing. From my foregoing roles, I have full knowledge of the facts deposed to herein except where otherwise stated.

2. I have read and understand the foregoing Reply and the contents thereof are true to the best of my knowledge, information and belief.
3. Effective January 1, 2003, Hickman Motors and Hickman Leasing amalgamated pursuant to the provisions of the *Corporations Act* (Newfoundland and Labrador), continuing under the name Hickman Motors Limited.
4. Hickman Leasing was incorporated on December 18, 1987 and up to its amalgamation with Hickman Motors Limited and at all material times hereto, carried on the business of leasing automobiles and other vehicles in the Province of Newfoundland and Labrador.
5. Hickman Leasing and Hickman Equipment were, at all material times hereto, directly or indirectly, wholly-owned subsidiaries of Hickman Holdings Limited, and, at all material times hereto, of their directors, Albert Hickman and Howard Hickman were directors of both companies.
6. For the period December 1996 to February 2001, Hickman Leasing and Hickman Equipment entered into various lease transactions whereby Hickman Leasing leased, in total, 122 vehicles to Hickman Equipment (the "Leased Vehicles").
7. With the exception of certain Leased Vehicles purchased by Hickman Leasing from Hickman Motors Limited, the transactions related to the Leased Vehicles were sale/lease-back arrangements that generally followed the following form:
 - (a) Hickman Leasing purchased one or more vehicles from Hickman Equipment, paying Hickman Equipment an amount determined by Hickman Equipment as its acquisition cost of the said vehicles.

- (b) The purchase was evidenced by a standard form sales invoice issued by Hickman Equipment, naming Hickman Leasing as the purchaser and setting forth the stock number, make and model, serial number, and purchase price of the Leased Vehicles.
- (c) Hickman Leasing paid Hickman Equipment for the Leased Vehicles by cheque made payable to Hickman Equipment and cashed by Hickman Equipment.
- (d) Hickman Leasing generally financed its acquisition of the Leased Vehicles with one of CIBC Equipment Finance Limited, Canadian Imperial Bank of Commerce and General Motors Acceptance Corporation of Canada, Limited (each, individually, a "Lender"), granting security to the Lender in respect of the Leased Vehicle.
- (e) In all but 2 instances, the Leased Vehicles were units of heavy equipment held by Hickman Equipment as part of its vehicle inventory.
- (f) Hickman Leasing did not immediately register its interest in the Leased Vehicle at the Personal Property Registry for the Province of Newfoundland and Labrador but rather relied on any registrations effected by the Lender to protect its interests in the Leased Vehicle.
- (g) On the part of Hickman Leasing, the sale/ lease-back transaction was conducted by me or under my supervision.
- (h) On the part of Hickman Equipment, the sale/ lease-back transaction was conducted by or under the supervision of one or more of the management staff of Hickman Equipment, namely William Parsons, Gary Hillyard, and John King. To the best of my knowledge, information and belief, these individuals at Hickman Equipment were generally involved in sale and lease-back arrangements entered into by Hickman Equipment.

8. At all material times, it was my understanding that Hickman Equipment was a viable, profitable company able to pay its obligations when same became due, and that the transactions involving the Leased Vehicles were conducted as part of the ordinary course of the business of Hickman Equipment and Hickman Leasing.
9. In respect of Leased Vehicles that were heavy equipment, it was my understanding that the purpose of the sale / lease-back transactions was to finance the acquisition and holding of inventory of Hickman Equipment. To the best of my knowledge, information and belief, it was common for Hickman Equipment to finance its inventory in this manner.
10. Hickman Leasing's intent was to generate positive cash flow in respect of the Leased Vehicles, charging Hickman Equipment a higher rate of interest than that paid by Hickman Leasing to the Lenders, and, in addition, to benefit from the ability to claim capital cost allowances in respect of the Leased Vehicles.
11. At the time of Hickman Leasing's purchase of the Leased Vehicles, based on discussions with the management staff of Hickman Equipment, I understood, and at that time did verily believe, that:
 - (a) At the time of the sale of the Leased Vehicles by Hickman Equipment to Hickman Leasing, the Leased Vehicles were not subject to any specific security interests.
 - (b) In particular, the sale of the Leased Vehicles did not constitute a breach of any security agreement entered into by Hickman Equipment; and
 - (c) By paying the purchase price to Hickman Equipment, Hickman Leasing was acquiring title to the Leased Vehicles unencumbered by any security interests.
12. I repeat the foregoing paragraph hereof and state that to the best of my knowledge, information and belief, the other directors of Hickman Leasing had no knowledge contrary to the statements therein.

13. Thirty-five Leased Vehicles were believed by Hickman Leasing to be in the possession of Hickman Equipment as of January 1, 2002. From my review of the records generated by the Receiver of Hickman Equipment, I understand that 13 are no longer in the possession of Hickman Equipment, having been sold by Hickman Equipment to third parties without the knowledge or consent of Hickman Leasing and without payment to Hickman Leasing of the value of the Leased Vehicles or the amounts due under the lease agreements.

14. In respect of the HML Vehicle described in Paragraph 2 of the within Reply:
 - (a) Hickman Leasing purchased the HML Vehicle from Hickman Equipment, together with three other vehicles, on or about January 26, 2000. Attached hereto as Exhibit "A" is a copy of the sales invoice issued by Hickman Equipment in respect of the HML Vehicle.

 - (b) Hickman Leasing paid for the HML Vehicle and the three other vehicles listed on the said sales invoice by cheque dated February 3, 2000 payable to Hickman Equipment. Attached hereto as Exhibit "B" is a copy of the cancelled cheque, evidencing payment of the purchase price to Hickman Equipment.

 - (c) Effective February 1, 2000, Hickman Leasing leased the HML Vehicle to Hickman Equipment pursuant to Hickman Leasing's standard form lease agreement. Attached hereto as Exhibit "C" is a copy of the said lease, executed on behalf of Hickman Leasing by your deponent and on behalf of Hickman Equipment by John King, in his capacity as Sales Manager at Hickman Equipment.

 - (d) Hickman Leasing, in turn, obtained financing of the HML Vehicle from Canadian Imperial Bank of Commerce, granting security in the HML Vehicle to Canadian Imperial Bank of Commerce.

- (e) Hickman Leasing has received no payments from Hickman Equipment pursuant to the said leases subsequent to the regular monthly lease payment due and payable on January 1, 2002.
- (f) On January 25, 2002, Hickman Leasing registered a financing statement at the Personal Property Registry for the Province of Newfoundland and Labrador in respect of its interest in the HML Vehicle. Attached hereto as Exhibit "D" is a copy of the Verification Statement, Registration No. 1567165, issued in respect of the said registration.
- (g) But for the Receivership of Hickman Equipment, pursuant to the terms of the said lease, Hickman Leasing (now Hickman Motors Limited) is entitled to, *inter alia*, take possession of and sell or otherwise dispose of the HML Vehicle.

15. I make this my affidavit in support of the Reply filed by Hickman Motors Limited in the within application seeking an Order from this Honourable Court approving, subject to any interest claimed by Canadian Imperial Bank of Commerce, the payment by the Receiver to Hickman Motors of the proceeds from the sale of the HML Vehicle.

SWORN TO at St. John's, in the
 Province of Newfoundland and
 Labrador, this 7th day of
 February, 2003, before me:

D. Griffith B.L.S.
 Barrister

)
)
)
)
)
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)
)

Gary Bishop
 GARY C. BISHOP

This is Exhibit "A"
To the Affidavit of
Gary C. Bishop
Sworn before me
This 7th day of February,
2003



HICKMAN EQUIPMENT (1985) LIMITED

P.O. BOX 820, MT. PEARL, NFLD. A1N 3C8
TELEPHONE: 368-9660, FAX 368-1146

D
R
A
N
C
H
E
S

FAL. DUA 120, URBVILLE, NFLD. AUB 1S1
TELEPHONE: 227-6300 FAX: 227-6302
P.O. BOX 442, ARNOLD'S COVE, NFLD. AOB 1A0
TELEPHONE: 463-7368 FAX: 463-7370
P.O. BOX 609, CLARENVILLE, NFLD. AOE 1J0
TELEPHONE: 466-7368 FAX: 466-7379

P.O. BOX 480, GRAND FALLS-WINDSOR, NFLD. A2A
TELEPHONE: 489-2561 FAX: 489-7243
P.O. BOX 074, CORNER BROOK, NFLD. AZH 5G
TELEPHONE: 634-3161 FAX: 634-5889
P.O. BOX 429, STN "A", GOOSE BAY, LAB. NF. ADP
TELEPHONE: 896-8668 FAX: 896-8999

P.O. BOX 820, MOUNT PEARL, NFLD. A1N 3C8
STAVANGER DR., ST. JOHN'S, NFLD. TEL: 739-7360 FAX: 739-7337

SAME AS BELOW

HICKMAN LEASING LTD
KENMOUNT ROAD
ST JOHN'S, NFLD

BRANCH		
01 - MOUNT PEARL		
DATE	TIME	PAGE
01/26/2000	9:52:24 (O)	1
ACCOUNT NO.	PHONE NO.	INVOICE NO.
HICKM009	7097266990	000424
SHIP VIA	PURCHASE ORDER	
SALES TAX LICENSE NO.	FEDERAL EXEMPTION NO.	
		SALESPERSON
		WEP

DESCRIPTION

DESCRIPTION	AMOUNT
Stock #: N1895 ONE ONLY JOHN DEERE 450H CRAWLER DOZER	Serial #: T0450HX874682 83414.36

Sale # 1 Subtotal: 83414.36
Total: 83414.36 *173*

Stock #: N1451 ONE ONLY JOHN DEERE 744H 4WD LOADER	Serial #: DW744HX569129 306560.98
---	--------------------------------------

Sale # 2 Subtotal: 306560.98
Total: 306560.98 *174*

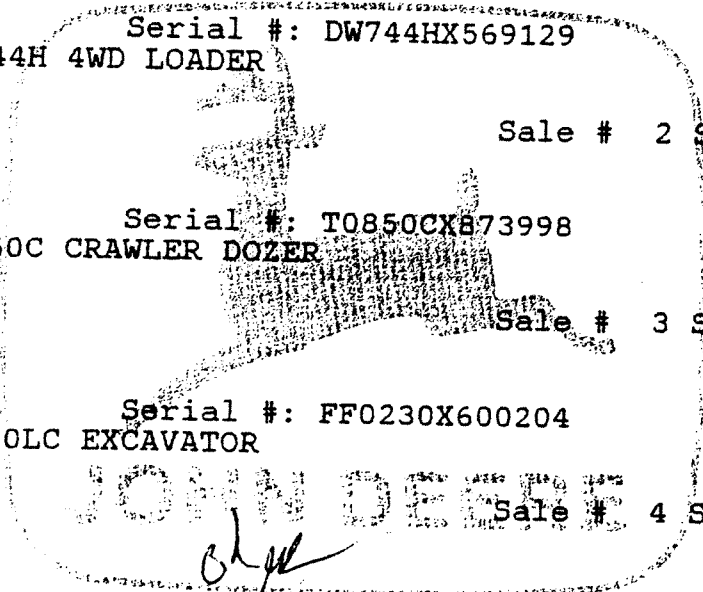
Stock #: N1868 ONE ONLY JOHN DEERE 850C CRAWLER DOZER	Serial #: T0850CX873998 216708.15
--	--------------------------------------

Sale # 3 Subtotal: 216708.15
Total: 216708.15 *175*

Stock #: N1425 ONE ONLY JOHN DEERE 230LC EXCAVATOR	Serial #: FF0230X600204 245259.04
---	--------------------------------------

Sale # 4 Subtotal: 245259.04
Total: 245259.04 *176*

Subtotal: 851942.53
Total: 851942.53



pd call 416 / 03/07/00

PLEASE BE VERY BIG ON SERVICE

S.T./H.S.T. REGISTRATION NO. R102345758

DISCLAIMER OF WARRANTIES

Any warranties on the product sold hereby are those made by the manufacturer. The seller hereby expressly disclaims all warranties, either express or implied, including any implied warranty of merchantability or fitness for a particular purpose, and the seller neither assumes nor authorizes any other person to assume for it any liability in connection with the sale of the said products. Any limitation contained herein does not apply where prohibited by law. Title to goods described remain in Vendor's name until fully paid.

COPIES RECEIVED BY _____

This is Exhibit **"B"**
To the Affidavit of
Gary C. Bishop
Sworn before me
This 7th day of February,
2003

THIS DOCUMENT CONTAINS SECURITY FEATURES. SEE REVERSE

HICKMAN LEASING LIMITED
P.O. BOX 8340
ST. JOHN'S, NEWFOUNDLAND A1B 3M7

0004161

DATE February 3, 2000

PAY TO THE ORDER OF Hickman Equipment (1985) Limited

REGISTERED 85-1942 DOLS 53 CTS /100 \$ 851,942.53
DOLLARS

RE _____

HICKMAN LEASING LIMITED

CIBC Canadian Imperial Bank of Commerce
215 WATER STREET
ATLANTIC PLACE
ST. JOHN'S, NFLD. A1C 5J9

PER Gary C. B...

⑈004161⑈ ⑆00063⑈0101⑆ 45⑈05816⑈

⑈0085194253⑈

16033
742 6 1 5
IMPERIAL
COMMENCE
IMPERIAL
BANK OF COMMERCE
K 09503810

DEPOSIT TO THE CREDIT
HICKMAN-EQUIPMENT
(1985) LIMITED

FEB 27 1985
IF NOT NEGOTIABLE
AT TIME OF PRESENTATION
PLEASE CALL COLLECT 709-388-0000

09503-010
DATA CENTRE
C.I.B.C.
HALIFAX NOVA SCOTIA
010-09503

This is Exhibit "C"
To the Affidavit of
Gary C. Bishop
Sworn before me
This 7th day of February,
2003

ST. JOHN'S, NFLD., CANADA
A1B 3N7
PHONE (709) 726-6990
FAX (709) 726-0706

HICKMAN LEASING LIMITED

85 KENMOUNT ROAD

• LESSOR •

CUSTOMER NO. 519723	LEASE NO. 773
PRESENTLY LEASING THROUGH HICKMAN LEASING <input checked="" type="checkbox"/>	YES - CUSTOMER NO. <input type="checkbox"/> NO. <input type="checkbox"/>

LEGAL NAME AND ADDRESS OF LESSEE		SUPPLIER OF EQUIPMENT	
LESSEE NAME <i>Hickman Equipment 1985 Ltd.</i>	NAME <i>Hickman Equipment 1985 Ltd.</i>		
ADDRESS <i>Po Box 820 Mont Real, NF</i>	ADDRESS		
POSTAL CODE <i>A1N 3C8</i>	TELEPHONE NO.	POSTAL CODE	TELEPHONE NO.
CONTACT	SALESMAN		
BANK	EQUIPMENT LOCATION	ADDRESS	
ADDRESS	YEARS IN BUSINESS		

EQUIPMENT TO BE LEASED

NO. OF UNITS	DESCRIPTION: Model No., Serial No., or other Description
1	<i>JOHN Deere 450 H CRAWLER DOZER N 1895 T 045 0HX 874682</i>

TERMS OF PAYMENT (TOTAL RENTAL PAYMENT SUBJECT TO ANY PROVINCIAL SALES TAX % CHANGES)

ORIGINAL TERM NO. OF MONTHS	NUMBER OF RENTAL PAYMENTS	PAYMENT AMOUNT EXCLUDING P.S.T.	PROVINCIAL SALES TAX	GST TAX	TOTAL LEASE PAYMENT
<i>60</i>	<i>60</i>	<i>1,751.86</i>	<i>-</i>	<i>-</i>	<i>1,751.86</i>

COMMENCEMENT DATE: *February 1, 2000*

TERMS AND CONDITIONS OF LEASE

ACKNOWLEDGE - Lessee hereby leases from Lessor and Lessor leases to Lessee the personal property described above together with any parts and accessories relating thereto or affixed (all herein referred to as the Equipment) upon the terms and conditions set forth herein.
The Lessee hereby acknowledge, consents and agrees to the assignment of this Lease to a Third party and to remit all rental fees and appropriate taxes to said party upon receipt of invoice, which receipt shall constitute notice of said assignment. In this Agreement, the term Lessor includes HICKMAN Leasing or, in the event of an assignment of this Agreement by HICKMAN Leasing, its Assignee.

INITIAL

SEE REVERSE SIDE FOR ADDITIONAL TERMS & CONDITIONS WHICH ARE PART OF THIS LEASE.

Lessee requests Lessor to purchase the above-described Equipment from the Supplier and to lease said equipment to Lessee upon the terms and conditions of the within lease; and upon written acceptance hereof, Lessor's office by an authorized employee of Lessor in the space provided below, agrees to lease said equipment. The undersigned agree to all the terms and conditions of such lease as set forth above and on the reverse side in consideration thereof hereby execute this lease.

HICKMAN LEASING LIMITED
BY <i>Barry C. Bishop</i>
AUTHORIZED SIGNATURE
DATE

FULL LEGAL NAME OF LESSEE <i>HICKMAN EQUIPMENT (1985) LIMITED</i>
THE UNDERSIGNED AFFIRM THEY ARE ONLY AUTHORIZED TO EXECUTE THIS LEASE CONTRACT
BY <i>[Signature]</i>
AUTHORIZED SIGNATURE
<i>[Signature]</i> TITLE
AUTHORIZED SIGNATURE
TITLE

NOTE: SHADED AREAS FOR OFFICE USE ONLY.

AFFIX CORPORATE SEAL

LEASE CONTRACT

ORDERING EQUIPMENT: Lessor agrees to order the Equipment from the Supplier upon the terms and conditions of the purchase order initially attached hereto. Lessee agrees to accept delivery of the Equipment.

EQUIPMENT OWNED BY LESSOR: Lessee acknowledges that ownership and title to the Equipment shall throughout the term of this Lease remain vested in the Lessor and the Lessee shall have no right of property therein except the right to possess and use the Equipment as provided in this Lease. Lessor may require plates or markings to be affixed to or placed on the Equipment indicating Lessor is the owner.

LESSEE'S OBLIGATIONS, UNCONDITIONAL: Lessee hereby agrees that Lessee's obligation to pay all rent and any other amounts owing hereunder shall be absolute and unconditional under all circumstances. Lessee agrees to pay all rent and such other amounts regardless of any claim in the nature of set-off or compensation which may be made by Lessee.

TERM: The original term of this Lease shall commence on the date specified under Terms of Payment above and unless sooner terminated as set forth herein shall end upon payment to Lessor of the Number of Payments specified under Terms of Payment above. All terms and conditions of this Lease, including the obligation to make additional rental payments in the same amount as required during the original term of the Lease shall apply after the original term or renewal term (if applicable) of the Lease until the Equipment has been physically returned to the Lessor.

RENT: Lessee agrees to pay Lessor the number of payments in the amounts and on the dates specified under Terms of Payments above together with all applicable sales tax and any other sums as may become payable under this Lease. Payments shall be made without demand or invoice at the address of the Lessor herein noted or as otherwise instructed by Lessor from time to time. The Lessee agrees that the Equipment is in every respect completely and solely Lessee's responsibility under this Lease, it being intended that this Lease shall provide to Lessor the rental payments net of any costs or expenses. Lessee shall pay or reimburse Lessor all expenses, fees, charges, claims and fines incurred or arising in connection with the registration, licensing, possession, use or operations of the Equipment and all taxes and duties on or relating to the Equipment, and all other expenses and outgoings relating to the Equipment for any matter or things shall be borne by Lessee. The rent provided herein shall be absolutely net and carefree to Lessor free of all set-offs, expenses or outgoings of any kind or nature and Lessee agrees unconditionally to make the rental payments and all other payments required hereunder without statement, compensation, set-off or any other right whatsoever due or alleged to be due because of any past, present or future claim by Lessee against Lessor or the manufacturer or Supplier of the Equipment under this Lease or otherwise. The Lease shall not terminate nor the obligations of Lessee be affected because of any defect in, change to, destruction, loss of possession or use of the Equipment from any cause whatsoever, any present or future law to the contrary notwithstanding, it being the intention of the parties that the rental payments and other sums as may become payable by Lessee shall continue to be payable in all events unless the obligation to pay shall be terminated by the express provisions of this Lease. In the event that Lessee fails to repair and restore, to procure and maintain insurance as provided herein or to pay any fees, expenses, charges, claims, taxes, duties or fines on or in connection with the Equipment or otherwise perform as herein required, Lessor may do so in which event the cost thereof shall constitute additional rent, which shall be forthwith due and payable and Lessor shall be entitled to all rights and remedies provided herein in the event of default of payment of such rent.

ASSIGNMENT: Lessee agrees not to sell, assign, sublet, pledge, hypothecate, or otherwise encumber or suffer a lien upon or against any interest in this Agreement or the Equipment. Lessor may assign its rights hereunder to any other person.

COMPLETION OF LEASE: Lessor is authorized by Lessee to complete this Lease, even though previously signed by Lessee, by the insertion of serial numbers and any other identifying references to the Equipment, and by insertion of the date of commencement of original term, the commencement date of subsequent rental payments, and by the adjustment of rental amount as provided for under Terms of Payment above.

NOTICES: Any notices and demands required to be given herein shall be given to the parties in writing and by registered mail at the address herein set forth or to such other addresses as the parties may hereafter substitute by written notice given in the manner prescribed in this paragraph.

FINANCING STATEMENT: Lessor may file a financing statement or similar registration with respect to this Lease so as to give notice to any interested parties. Any such filings or registration shall not be deemed evidence of any intent to create a security interest.

RIGHTS OF THIRD PARTIES: Lessee shall keep the Equipment free of liens, charges, encumbrances and rights of third parties of any kind or nature. Lessee agrees not to sell, assign, sublet, pledge, hypothecate, or otherwise encumber or suffer a lien or charge upon or against any interest in this agreement or in the Equipment.

LIENS, TAXES: Lessee shall keep the equipment free and clear of all levies, liens, taxes, charges, and encumbrances which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the equipment. Lessee shall in the manner directed by Lessor, make and file all declarations and returns in connection with all charges and taxes (local, provincial and federal) which may now or hereafter be imposed upon or measured by the ownership, leasing, rental, sale, purchase, possession or use of the equipment, excluding however, all taxes on or measured by Lessor's net income and pay all such charges and taxes.

INSURANCE: Lessee shall obtain and maintain for the entire term of this legal Agreement, as its own expense, property damage and liability insurance and insurance against loss or damage to the Equipment including without limitation, loss by fire (including extended coverage), theft, collision, injury or death and damage to property of others and such other risks of loss as are customarily covered by insurance on the types of Equipment leased hereunder and by prudent operators of businesses similar to that in which Lessee is engaged, in such amounts, in such form and with such insurers as shall be satisfactory to Lessor. The amount of insurance covering damage to or loss of the Equipment shall not be less than the greater of the full replacement value of the Equipment or the installments of rent then remaining unpaid hereunder. Each insurance policy will name Lessee and Lessor as insured and will name Lessor as loss payee thereof, and shall contain a clause requiring the insurer to give Lessor at least 30 days prior written notice of any alteration in the terms of such policy or of the cancellation thereof. At Lessor's request, Lessee shall furnish to Lessor a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect, provided, however, that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy, or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof.

Lessee further agrees to give Lessor prompt notice of any damage to or loss of the Equipment or any part thereof. Lessee will at its expense make all proofs of loss and take all other steps necessary to recover insurance benefits, unless advised in writing by Lessor that Lessor desires not to do so at Lessee's expense, in which event Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment and execute and endorse all documents, checks or drafts for loss or damage under any such insurance policy. Proceeds of insurance will be disbursed by Lessor against satisfactory invoices for repair or replacement of Equipment, provided this Lease not then be in default. Performance by Lessee under this paragraph will not affect or release Lessee's obligations and liabilities herein elsewhere provided.

TITLE: Lessee shall have no right, title or interest in the Equipment other than conditional upon Lessee's compliance with and fulfillment of the terms and conditions of this Agreement, the right to maintain possession and use of the Equipment for the full lease term. Lessor may require plates or markings to be affixed to or placed on the Equipment indicating Lessor is the owner. Lessor and Lessee hereby confirm their intent that the Equipment shall always remain and be deemed personal or moveable property, even though said Equipment may hereinafter become attached or affixed to realty.

INSPECTION: The Lessor or its agents shall have the right, and Lessee shall allow them free access, to inspect the Equipment on request.

WARRANTIES: Lessee acknowledges that the seller and/or manufacturer of the Equipment and the Equipment and its specifications have been obtained by the Lessee and that the Lessor has purchased this Equipment of the manufacturer of the Lessee for the purposes of this Agreement. No representation or warranty, express or implied, legal, statutory, customary or otherwise is given or made by the Lessor respecting the Equipment including but not without limitation the merchantability condition, design, operation or fitness for purpose of use thereof or its freedom from liens and encumbrances. If the equipment is not properly installed, does not operate as intended by Lessee or as represented by the manufacturer or the seller, totally fails to function or perform so as to give rise to a fundamental breach or alleged fundamental breach with respect to the Equipment, or is unacceptable for any other reason whatsoever, Lessee shall claim only

against such seller or manufacturer and shall nevertheless unconditionally pay Lessor all rent, and other amounts expressed to be payable here under. Lessor hereby assigns to Lessee, Lessee hereby accepts for and during the applicable lease term, the warranties, if any and if assignable, of the manufacturer or seller with respect to the Equipment and Lessor agrees upon the prior written request of the Lessee, as at Lessee's expenses, to co-operate reasonably with Lessee in the enforcement of any such warranty. Lessee expressly warrants and represents to the Lessor that the seller and/or manufacturer of the Equipment has agreed to the assignment by the Lessor to the Lessee of the warranties, if any, which in pertain to the Equipment.

LOSS AND DAMAGE: The Equipment shall be at the risk of the Lessee, in the event that any item of Equipment shall become lost, stolen, destroyed or damaged beyond repair for any reason, or in the event of any condemnation, confiscation, threat or seizure or expropriation of such item, Lessee will immediately replace the Equipment by providing Lessor with title to equipment satisfactory to Lessor of equal value and free of any encumbrance, or (b) pay to Lessor the present value of the aggregate of all unpaid amounts due hereunder as rental or otherwise to the expiration of the original term of the Lease (calculated by discounting such amounts at no less than 3% per annum compounded monthly). The Lessee shall notify the Lessor in writing of its election within 30 days and failure to give notice shall be deemed to be an election not to replace the Equipment.

REPUDIATION: Lessee shall conclusively be deemed to have repudiated this Lease if (a) any rent or amount payable hereunder is in arrears 15 days and such amount remains unpaid for more than 15 days after demand for payment thereon has been made by Lessor, (b) Lessee transfers, sublets or otherwise surrenders possession of the Equipment or assigns this Lease without the express written consent of Lessor, or the Equipment is subjected to any lien charge, encumbrance or right of any third party of any kind and nature and the same cannot be discharged by Lessee or Lessor pursuant to the provision hereof, (c) Lessee is adjudged bankrupt by a court, or (d) there is an Event of Default not remedied as provided herein. Repudiation of this Lease by Lessee provided for in this clause shall not affect the Lessor's right with regard to any other repudiation including a disclaimer of this Lease by a trustee in bankruptcy of the Lessee.

CONSEQUENCES OF REPUDIATION: In the event that the Lessee repudiates this Lease or is deemed to have repudiated this Lease by virtue of any of the provisions set forth above, in addition to any other remedy which it may have by law or under this Lease, Lessor may as its option, terminate this Lease by notice in writing to the Lessee. Upon termination of this Lease as aforesaid, Lessor shall immediately be entitled to take possession of the Equipment and to sell, lease or otherwise dispose of the Equipment in accordance with the applicable provisions of law, and Lessee shall be liable to pay to Lessor as a genuine pre-estimate of liquidated damages and not as a penalty for such repudiation, an amount calculated as follows: (i) the price of the Equipment leased less any amount offered by the Supplier as a trade-in, plus (ii) all balances due on any related prior contract or contracts, thereby being the total Lease cost and as such to be deemed conclusively as having been mutually agreed upon by Lessee and Supplier plus

- (ii) the amount of the income earned by Lessor pursuant to the standard business profit method calculated by adding an acquisition and set-up fee and the amount of income earned by Lessor to date of termination as determined by the Sum of the Digits Method, a generally accepted and standard accounting principle plus
- (iii) the amount of any sales tax remitted by the Lessor in respect to the Lessee's unpaid rental payments.

And thereafter deducted from the total of the amounts stipulated in items (i) to (iii) inclusive, the aggregate of (a) the rental payments, excluding sales taxes, made by Lessee to the date of termination, plus (b) all amounts received by Lessor upon the sale or other disposition of the Equipment. Additionally, Lessee shall pay to Lessor all sales taxes payable on the aforesaid amount together with Lessor's reasonable costs, repossession and sale or disposal of the Equipment and of enforcing the provisions of this Lease. The total amount payable hereunder by Lessee shall bear interest at the rate of 3% per annum calculated monthly from date of termination of this Lease.

SEVERABILITY: Any provision of this Lease which is held to be void or unenforceable shall be severed herefrom without in any invalidating the remaining provisions hereof.

ENGLISH LANGUAGE: The parties hereto agree that this document be written in the English language.

INTERPRETATION: It is hereby agreed by and between the parties hereto that whenever the language of this Lease so requires, the singular number shall include the plural and vice versa, and that words importing masculine gender shall include the feminine and neuter genders, and that in case more than one Lessee is named as Lessee, the liability of such Lessees shall be joint and several.

REPLACEMENT OF EQUIPMENT: If, upon expiry of the original term of this Lease, Lessee wishes to replace the Equipment with new or improved equipment and provided that Lessor is able to obtain such new or improved equipment and is willing to make it available to Lessee, at a rental acceptable to Lessor, Lessor shall enter into a new lease of that equipment with Lessee, wherein the rental payments shall be based upon Lessor's net cost of such new or improved equipment after giving effect to any allowance in way of a trade-in made or granted for the Equipment leased hereunder.

NET LEASE: Lessee shall pay or reimburse Lessor all expenses, fees, charges, claims and fines incurred or arising in connection with the registration, licensing, possession, use or operation of the Equipment, all taxes and duties other than taxes on income levied on the Lessor under the Income Tax Act of Canada, any provincial Tax Act or relating to the Equipment and all other expenses and outgoings relating to the Equipment for any matter or thing shall be borne by the Lessee and the rent herein provided shall be absolutely net and carefree to the Lessor free of all set-offs, expenses and outgoings of any kind or nature. In the event Lessee fails to repair and restore, to procure and maintain insurance as herein provided, Lessee shall pay any fees, expenses, charges or claims on or in connection with the Equipment or otherwise perform as herein required Lessor may do so and be entitled to immediate reimbursement from Lessee, with prejudice to any of Lessor's rights or remedies hereunder.

RETURN OF EQUIPMENT: Upon expiration of the lease term, the Lessee, at its own risk and expense, shall immediately return the Equipment to Lessor in the same condition as when delivered, ordinary wear and tear excepted, at such location as Lessor shall designate.

FURTHER ASSURANCES: Lessee will promptly and duly execute and deliver to Lessor such documents and take such further action as Lessor may request in order to more effectively carry out the intent and purpose hereof. Lessee shall upon request of Lessor deliver Lessee's audited financial statements to Lessor within 30 days of the expiry of each fiscal year, if Lessee and unaudited statements to Lessor within 30 days of the expiry of each fiscal quarter.

NON-CANCELLABLE LEASE: This agreement cannot be terminated except as expressly provided hereof.

COLLECTION CHARGES: Should Lessee fail to pay when due any part of the rent herein reserved or sum required to be paid to Lessor hereunder, Lessee shall pay to Lessor, in addition hereto, a late charge of ten dollars (\$10) for each month or part thereof for which said rent or other sum shall be payable together with interest on any and all delinquent payments and amounts in default from date thereof, to be paid in full at the rate of 24% per annum calculated monthly.

CREDIT INVESTIGATION: The Lessee hereby consents to the Lessor conducting a personal investigation or credit check back upon the Lessee subject to applicable legislation.

APPLICABLE LAW: This Lease shall be construed according to the Law of the Province of New Brunswick and any Clause herein contrary to the Law of such province shall not invalidate the remaining of this lease. To the extent not prohibited by Law, Lessee waives all the rights benefits and protection given Section 12 of the Conditional Sales Act, Revised Statutes of Newfoundland.

MISCELLANEOUS: Time is of the essence with respect to this Agreement, and no waiver by Lessor of default shall constitute a waiver of any other default by Lessee or waiver of Lessor's rights. Should Lessee fail to perform any obligation hereunder, Lessor may cause such obligation to be performed and the cost thereof together with interest at 2% per month shall be considered as additional rental to be paid by Lessee. This Agreement may not be amended except in writing and shall be binding upon and assure to the benefit of the parties hereto, their permitted successors and assigns. Any provisions of this Agreement which are unenforceable in any jurisdiction shall, to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in other jurisdiction. The captions in this Agreement are for convenience only and shall not define or limit the scope of the terms hereof.

This is Exhibit **“D”**
To the Affidavit of
Gary C. Bishop
Sworn before me
This 7th day of February,
2003

2002-01-25
11:35

Atlantic PPRS
Verification Statement
(New)

/AAAA004SC
page 1

Province/Territory : Newfoundland and Labrador
Registration Type : PPSA Financing Statement
Registration Number : 1567165
Registration Date/Time : 2002-01-25 / 11:45
Expiry Date : 2003-01-25
Your File Number : 13922-10

Registrant Name and Address

=====
Registrant User ID: H176874
Cox Hanson O'Reilly Matheson
Humphries, Doris M, Administrator
Scotia Centre
Floor 4 SUITE 401 235 Water Street
St. John's NF Canada A1C 1B6

Debtors

=====
Debtor Type : Enterprise
Hickman Equipment (1985) Limited

P.O. Box 820
Mount Pearl NF Canada A1N 3C8

Secured Parties

=====
Hickman Leasing Limited

P.O. Box 8340, Stn. A
St. John's NF Canada A1B 3N7

General Description Collateral

=====
Serial Numbered Collateral as noted, together with all attachments, accessories,
accessions,
replacements, substitutions, additions and improvements thereto, and all proceeds in any
form
derived directly or indirectly from any dealing with the collateral or proceeds thereof,
and including
without limitation, goods, money, cheques, deposits in deposit-taking institutions,
accounts
receivable, rents or other payments arising from the lease of the collateral, chattel
paper, instruments,
intangibles, documents of title, securities, and rights of insurance payments or any
other payments as
indemnity or compensation for loss or damage to the collateral or proceeds of the
collateral.

Serial Numbered Collateral

=====
Collateral Type Serial Number Description

Motor Vehicle FF0370X080344 John Deere 370 Excavator

2002-01-25
11:35

Atlantic PPRS
Verification Statement
(New)

/AAAA004SC
page 2

Motor Vehicle	FF0330X080456	John Deere 330 LC Excavator
Motor Vehicle	FF0330X080518	John Deere 330 LC Excavator N1790
Motor Vehicle	A7001335	2566C Articulated Truck N1494
Motor Vehicle	T0450HX874682	John Deere 450 H Crawler Dozer N1895
Motor Vehicle	T0850CX873998	John Deere 850 C Crawler Dozer N1868
Motor Vehicle	FF0200X500457	John Deere 200 LC Excavator
Motor Vehicle	163713	I/R SD100 DA Asphalt Compactor
Motor Vehicle	160180	I/R DD110 Roller
Motor Vehicle	546C722948300	Fabtek 546C Forwarder
Motor Vehicle	FF0200X501391	John Deere Excavator, Model 200LC
Motor Vehicle	FF0200X501362	John Deere 200-LC Excavator
Motor Vehicle	FF0200X501453	John Deere 200-LC Excavator
Motor Vehicle	FF0330X080747	John Deere 330-LC Excavator
Motor Vehicle	T0450HX889199	John Deere 450H Crawler Dozer
Motor Vehicle	T0850CX888907	John Deere 850C Crawler Dozer
Motor Vehicle	DWTC62H577315	John Deere TC62H T.C. Loader
Motor Vehicle	55102864	Blaw-Knox Paver, Model PF-5510.1
Motor Vehicle	A7761195	Terex TA35 Truck
Motor Vehicle	A7761196	Terex TA35 Truck
Motor Vehicle	A7761186	Terex TA35 Truck
Motor Vehicle	A7761187	Terex TA35 Truck
Motor Vehicle	A7761188	Terex TA35 Truck
Motor Vehicle	10DH1023	Timber Jack 1110B Forwarder
Motor Vehicle	10DH1027	Timber Jack 1110B Forwarder
Motor Vehicle	17DD0305	Timber Jack 1410 Forwarder
Motor Vehicle	01AB2122	Timber Jack 1270C Harvester
Motor Vehicle	58314351	Dyna Pac Model CA251A
Motor Vehicle	121444	Tramac Breaker, Model V55
Motor Vehicle	FF0450X090590	John Deere 450LC Excavator
Motor Vehicle	2GTEK69U511307260	2001 GMC Sierra C3
Motor Vehicle	1GDL7H1C7XJ502066	1999 GMC Medium

*** End of Report ***