

June 23, 2011

**PROMISSORY NOTE**

For good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, RIVER HILLS RAILROAD INC. ("RHRR") does hereby promise to pay to the Holder hereof on the fifth anniversary of the date above, in accordance with the terms hereof, at the address set out below noted the principal sum of \_\_\_\_\_ Thousand (\$ \_\_\_\_\_ ) Dollars, (the "Principal Sum") together with interest on the said Principal Sum at the rate of SIX and ONE HALF (6.5%) percent per annum compounded annually to the holder of this Promissory Note.

The Principal Sum outstanding, and all interest accrued thereon shall be immediately due and payable to the Holder, without any requirement that the Holder take any action thereon, in the event of any default by RHRR as hereinafter set forth. RHRR shall be in default under this Promissory Note where:

- (a) it makes default in payment of any amount due at any time to any creditor having security over substantially all of its assets, and such default is not waived, or remedied within the time period provided for same under the security instrument of the creditor;
- (b) if any proceedings are commenced under the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*, including the filing of any Notice of Intention to Make a Proposal, or the filing of any Proposal, or if RHRR commits or threatens to commit any act of bankruptcy, or if it becomes insolvent, bankrupt, or if an application is made for a Bankruptcy Order against it and the same is not contested by RHRR, or any creditor entitled to do so appoints a receiver or receiver - manager over substantially all of its assets and undertakings;
- (c) it ceases to carry on its operations; or
- (d) it makes a sale of substantially all of its assets to a third party.

RHRR hereby waives demand, presentment, and notice of dishonour and acknowledges that the obligations hereby undertaken are absolute and unconditional.

DATED this 23<sup>rd</sup> day of June, 2011.

RIVER HILLS RAILROAD INC.

Per: \_\_\_\_\_  
Harold Purkess, President

**NOTICE: The holder hereof is advised that pursuant to laws relating to the sale and trading in securities it may not be possible to trade or transfer this Promissory Note. Holders wishing to trade or assign their Promissory Note are advised to consult their advisors thereon.**