MATERIAL CHANGE REPORT

S.75(2) OF THE SECURITIES ACT (ONTARIO)
S.118(1)(b) OF THE SECURITIES ACT (ALBERTA)
S.85 OF THE SECURITIES ACT (BRITISH COLUMBIA)
S.73 OF THE SECURITIES ACT (QUEBEC)
S.84(1)(b) OF THE SECURITIES ACT, 1988 (SASKATCHEWAN)
S.81(2) OF THE SECURITIES ACT (NOVA SCOTIA)
S.112 OF THE SECURITIES ACT (MANITOBA)
S.76(2) OF THE SECURITIES ACT (NEWFOUNDLAND)

1. Reporting Issuer

Harrowston Inc.
181 Bay Street, Suite 3820
Toronto, Ontario M5J 2T3

2. Date of Material Change

The effective date of the material change is June 1, 2001.

3. Press Release

A press release was issued by Harrowston Inc. (the "Company") at Toronto on June 3, 2001. A copy of this press release is attached hereto as Schedule "A".

4. Summary of the Material Change

On June 1, 2001 the Company, TD Capital Canadian Private Equity Partners Ltd. ("TD CPEP"), TD Capital Canadian Private Equity Partners (Barbados) Limited ("TD CPEP Barbados") (TD CPEP and TD CPEP Barbados being hereinafter collectively referred to as "TD Capital") and 1479523 Ontario Inc. (the "Offeror"), a wholly-owned subsidiary of TD Capital, entered into a support agreement (the "Support Agreement") pursuant to which the Offeror has agreed to make a take-over bid for all of the outstanding Class A common shares of the Company (the "Class A Shares") at a price of $7.35 per Class A Share in cash, subject to the terms and conditions contained in the Support Agreement (the "Offer"). Subject to the receipt of certain regulatory approvals, the Offer is expected to be mailed by June 13, 2001.

TD Capital and David Sutin, Executive Vice-President of the Company ("Sutin") have entered into a lock-up agreement (the "Sutin Lock-up Agreement") pursuant to which Sutin has agreed to deposit to the Offer 591,679 Class A

Shares and 616,531 of the Class A Shares underlying options to purchase Class A Shares (“Options”) which he holds (collectively, the “Sutin Shares”).

Also, TD Capital, The Brent Belzberg Family Trust, Lynn Belzberg, Belzberg Spousal Trust and Brent Belzberg, the President and Chief Executive Officer of the Company, (Mr. and Mrs. Belzberg and the Belzberg trusts are collectively referred to herein as the “Belzberg Entities”) have entered into a lock-up agreement (the “Belzberg Lock-up Agreement”) pursuant to which the Belzberg Entities have agreed to deposit to the Offer 1,869,384 Class A Shares and 1,440,493 of the Class A Shares underlying Options held by them (collectively, the “Belzberg Shares”).

For the purposes hereof, Sutin and the Belzberg Entities are collectively referred to as the “Sellers”, the Sutin Shares and the Belzberg Shares are collectively referred to as the “Subject Shares”, and the Sutin Lock-up Agreement and the Belzberg Lock-up Agreement are collectively referred to as the “Lock-up Agreements”.

5. Full Description of Material Change

For a full description of the Support Agreement, please refer to a copy of the Support Agreement which is attached hereto as Schedule “B“.

Pursuant to the Lock-up Agreements the Sellers have each agreed that if the Offeror makes the Offer in accordance with the terms of the Support Agreement, the Sellers will (a) forthwith thereafter and in any event not later than the twentieth (20^{th}) day following the date on which the Offer is mailed (the “Mailing Date”) deposit or cause to be deposited all of the Subject Shares (other than Subject Shares dealt with in part (b)(ii), below), and (b) (i) deposit or cause to be deposited any Class A Shares issuable upon exercise of any Options by providing the depositary under the Offer on or prior to the twentieth (20^{th}) day following the Mailing Date with an irrevocable direction to exercise all such Options and tender the Subject Shares issuable upon the exercise thereof to the Offer, or (ii) pursuant to the Company’s amended Stock Option Plan, and in lieu of exercising an Option, require the Company to pay to the Seller, in respect of each Option not exercised prior to the expiry of the Offer, the amount by which the price paid for the Class A Shares under the Offer exceeds the exercise price of such Option.

Pursuant to the Lock-up Agreements, in the event that prior to the expiry of the Offer, an Acquisition Proposal (as such term is defined in the Support Agrement) is made having a value per Common Share that exceeds the then cash consideration per Common Share offered under the Offer and the Offeror does not amend, or agree to amend, the Offer to provide at least equivalent financial terms to such Acquisition Proposal, the Sellers are entitled to withdraw the Subject Shares and Options from the Offer.

6. Reliance on Confidentiality Provisions of Securities Legislation

Not Applicable.

7. Omitted Information

Not Applicable.

8. Senior Officer

Deborah Barrett, Senior Vice-President and Chief Financial Officer of the Company, is knowledgeable about the material change and the report and can be reached at (416) 956 7004.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario, this 8th day of June, 2001.

HARROWSTON INC.

"Deborah Barrett"

Deborah Barrett
Senior Vice President and
Chief Financial Officer

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

SCHEDULE “A”

HARROWSTON’S BOARD AGREES TO

TD CAPITAL’S CPEP FUND’S OFFER TO PURCHASE

TORONTO, ONTARIO--

TD Capital's Canadian Private Equity Partners Fund Makes All-Cash Offer for Harrowston's Class A Shares

June 3, 2001

Harrowston Inc. (TSE:HRW - news) today announced that its Board of Directors, on the recommendation of the Independent Committee of Directors, has unanimously approved an agreement to support an offer by TD Capital's Canadian Private Equity Partner's (CPEP) Fund to acquire all of Harrowston's outstanding Class A shares.

TD Capital's CPEP Fund's offer is for cash of $7.35 per Class A share, valuing Harrowston's total equity at approximately $210 million. As part of the agreement, Harrowston's Board of Directors has unanimously recommended the offer to its shareholders.

``I am delighted that TD Capital's CPEP Fund has agreed to acquire Harrowston,'' said Brent Belzberg, President and Chief Executive Officer of Harrowston. ``Our investee companies, including Marsulex, Anchor Lamina, Key Media and MLL Telecom, will continue to have the opportunity to work with professionals with integrity and judgment. They will also benefit from TD Capital's expertise and capital to enhance their strategies and growth.''

``CPEP is acquiring a company with valuable, well-managed, high quality assets. Brent and his team at Harrowston have created significant value through their strategic investments and should be proud of their track record,'' said Joseph P. Wiley, Managing Director, TD Capital.

``With the CPEP offer, Harrowston has successfully achieved its objective of returning the fair value of its assets to its shareholders,'' said Belzberg. ``The significant growth in the Company's net asset value has not been reflected in its share price. Over the past several months, Harrowston's management and Board of Directors have been involved in a process to unlock shareholder value. Today's announcement is the culmination of that process.''

Terms of the Deal

Under the terms of the agreement, TD Capital's CPEP will commence a tender offer shortly to purchase all outstanding common shares of Harrowston for $7.35 per Class A share in cash. The transaction is conditional upon, among other things, there being validly tendered not less than two thirds of Harrowston's outstanding Class A shares on a fully diluted basis.

The transaction price represents a premium of 36 percent over Harrowston's closing stock price immediately prior to Unity Capital's offer for Harrowston made on May 10, 2001, and a 17.6 percent premium to the stated value of Unity Capital's offer. CPEP's offer provides almost double the stated value of the Unity Capital offer when Harrowston's cash of approximately $5.00 per share is excluded from the value of the respective offers. Unity Capital's offer was unanimously rejected by Harrowston's Board on May 24, 2001.

Harrowston's Board of Directors has received an opinion from each of RBC Dominion Securities and Scotia Capital that CPEP's offer is fair from a financial point of view to the shareholders of Harrowston. The offer is expected to be mailed to Harrowston's shareholders on or before June 13. Under certain circumstances, Harrowston has agreed to pay a break-fee of $5.7 million plus expenses to CPEP.

CPEP was advised by TD Securities in this transaction.

Harrowston has also postponed its annual shareholders' meeting, previously scheduled for July 9, 2001, in order to provide shareholders with the opportunity to tender to the CPEP offer prior to the meeting. Subject to certain conditions, Mr. Belzberg and David Sutin, an Executive Vice President of Harrowston, have agreed to tender their shares in the Company into the offer. Together, Mr. Belzberg and Mr. Sutin control approximately 16 percent of the Company's shares on a fully diluted basis.

Earlier this year, TD Capital successfully completed fund-raising for the CPEP Fund with commitments totalling $635 million, establishing it as the largest private equity partnership in Canadian history.

About Harrowston

Harrowston (www.harrowston.ca) is a Canadian company dedicated to building long-term shareholder value and consistent earnings by pursuing a growth strategy built on internal expansion and acquisitions. Its operating businesses include Marsulex Inc., a global provider of technology-based environmental compliance solutions; Anchor Lamina Inc., a major manufacturer and supplier of die sets, mould bases and related accessories in North America and Europe; Conexus Media Inc., a North American media company that owns a 50% interest in Key Media Ltd., publisher of Toronto Life, Where, WEDDINGBELLS, Fashion and Fashion File TV; and MLL Telecom Ltd., an established U.K.-based telecommunications company providing European telecommunications carriers, governments and large business customers with broadband fixed wireless point-to-point links, fixed wireless networks and related services.

About TD Capital

Established more than 30 years ago, TD Capital is the private equity arm of TD Securities, a division of TD Bank Financial Group. With a staff of 51 investment professionals, TD Capital is a major supplier of equity, equity-related and mezzanine capital to growing mid-market businesses in North America and Europe. TD Capital currently manages over $2.6 billion of private equity investments and commitments, including both direct investments and partnership investments. It is one of the largest and most reputable providers of investment capital and private investment in Canada.

Contact:

Harrowston Inc.

Brent Belzberg (416) 956-7006

or

TD Capital

Joseph Wiley (416) 982-3431

SCHEDULE “B”

SUPPORT AGREEMENT

THIS AGREEMENT made the 1st day of June, 2001,

B E T W E E N:

TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS LTD., acting in its capacity as nominee for all Parallel Investors (as such term is defined in each limited partnership agreement which formed TD Capital Canadian Private Equity Partners (Barbados) L.P. and TD Capital Canadian Private Equity Partners (QLP) L.P.),

(hereinafter called "TD CPEP"),

- and –

TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS (BARBADOS) LIMITED, acting in its capacity as general partner of **TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS (BARBADOS) L.P.**,

(hereinafter called "TD CPEP Barbados"),

(TD CPEP and TD CPEP Barbados being hereinafter collectively called "Parent" and each a "TD Capital Entity"),

- and –

1479523 ONTARIO INC.,

a corporation existing under the laws of the Province of Ontario,

(hereinafter called the "Offeror"),

- and –

HARROWSTON INC.,

a corporation existing under the laws of the Province of Ontario, (hereinafter called the "Company").

WHEREAS Parent wishes to acquire all of the Class A common shares (the "Class A Shares") in the capital of the Company and has caused the Offeror to be incorporated for the purpose of making an Offer (as hereinafter defined) to acquire such Class A Shares;

AND WHEREAS Parent holds all of the outstanding shares of the Offeror;

AND WHEREAS the board of directors of the Company (the "Board of Directors") has determined, after receiving financial and legal advice, that it would be advisable and in the best interests of the Company for the Board of Directors to support the Offer and to recommend acceptance of the Offer to the shareholders (the "Shareholders") of the Company in writing and for the Company to cooperate with the Offeror and take all reasonable action to support the Offer, all on the terms and subject to the conditions contained herein;

AND WHEREAS the Board of Directors has determined that it would be advisable and in the best interests of the Company for it to enter into this agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto hereby covenant and agree as follows:

ARTICLE 1

THE OFFER

1.1 **The Offer**. Subject to the terms and conditions set forth below, as soon as practicable following the execution by the parties of this agreement, the Offeror shall publicly announce its intention to make an offer to purchase all of the outstanding Class A Shares, including Class A Shares issuable upon the exercise of stock options ("Options") granted pursuant to the Company's stock option plan (the "Stock Option Plan") prior to the date hereof and associated Rights (as defined in Section 3.4) at a price of $7.35 per Class A Share in cash (the "Offer", which term shall include any further amendments to, or extensions of, such Offer, including, without limitation, increasing the consideration, removing or waiving any condition or extending the date by which Class A Shares may be deposited) and, on a day (the "Latest Mailing Date") no later than 5:00 p.m. (Toronto time) on June 13, 2001, shall mail the Offer and accompanying take-over bid circular (such circular, together with the Offer, being collectively referred to herein as the "Take-over Bid Circular") in accordance with Applicable Law (as hereinafter defined) to each holder of Class A Shares who is entitled under Applicable Law to receive the Take-over Bid Circular. Notwithstanding the foregoing, if the mailing of the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction or (ii) the Offeror not having obtained any regulatory waiver, consent, approval, ruling or order which is necessary to permit the Offeror to mail the Offer or take up and pay for the Class A Shares tendered under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being sought, as applicable, the Latest Mailing Date shall be extended to the date which is the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable.

The Offer shall be subject to there being validly deposited under the Offer and not withdrawn that number of Class A Shares that constitutes at least 66_% of the Class A Shares, calculated on a fully-diluted basis (collectively, the "Minimum Tender Condition") and the other conditions set out in Schedule A. The Offeror shall use all reasonable efforts to consummate the Offer, subject to the terms and conditions thereof and of this agreement.

The Offer will be made in accordance with Applicable Law and shall be open for acceptance for a period of 35 days from the date the Offer is mailed to Shareholders, subject to the right of the Offeror to extend the period during which Class A Shares may be deposited under the Offer (the "Expiry Time").

It is understood and agreed that the Offeror may, in its sole discretion, modify, waive or reduce the Minimum Tender Condition or any other term or condition of the Offer; provided that the Offeror will not, without the consent of the Company, increase the Minimum Tender Condition, decrease the consideration per Class A Share, change the form of consideration payable under the Offer (other than to add additional consideration), decrease the number of Class A Shares in respect of which the Offer is made, modify the conditions to the Offer or impose additional conditions to the Offer, in any case in a manner which is adverse to the holders of Class A Shares.

The obligation of the Offeror to make the Offer is conditional on the prior satisfaction of the following conditions, all of which conditions are included for the sole benefit of the Offeror and any or all of which may be waived by the Offeror in whole or in part in its sole discretion without prejudice to any other right it may have under this agreement:

(a) the obligations of the Offeror hereunder shall not have been terminated pursuant to Section 6.1;

(b) no circumstance, fact, change, event or occurrence caused by a person other than the Offeror or Parent shall have occurred that would render it impossible for one or more of the conditions set out on Schedule A hereto to be satisfied;

(c) the Board of Directors shall have recommended that Shareholders accept the Offer and shall not have withdrawn such recommendation or changed such recommendation in a manner that has substantially the same effect as if it had been withdrawn;

(d) the Board of Directors shall have prepared and approved in final form, for distribution by the Company on the date the Offer is made, a directors' circular (i) recommending acceptance of the Offer and (ii) containing a copy of the fairness opinions of RBC Dominion Securities Inc. and Scotia Capital Inc. dated the date of such circular opining that the Offer is fair, from a financial point of view, to the holders of Class A Shares (the "Directors' Circular");

(e) no cease trade order, injunction or other prohibition or order at law or under applicable regulation shall be threatened or exist against the Offeror making the Offer or taking up or paying for Class A Shares deposited under the Offer or requiring the Offeror to purchase or offer to acquire any other securities; and

(f) the Company shall have complied with its obligations under Section 4.1 and all of the representations and warranties made in or pursuant to Article 3 shall be true and correct in all material respects at the time of mailing of the Offer and the Offeror and Parent shall have received a certificate of any two senior officers of the Company confirming the truth and correctness of such representations and warranties at such time.

1.2 **Company Approval of the Offers.** The Company represents and warrants to and in favour of the Offeror and Parent, and acknowledges that the Offeror and Parent are relying upon such representations and warranties in entering into this agreement, that:

(a) its Board of Directors, upon consultation with its financial and legal advisors, has unanimously determined that the price offered under the Offer is fair to Shareholders and that the Offer is in the best interests of the Company and the Shareholders, has unanimously approved this agreement and unanimously recommends that Shareholders accept the Offer; and

(b) after reasonable inquiry, the Board of Directors has been advised and believes that each director of the Company intends to tender or cause to be tendered under the Offer all Class A Shares (including Class A Shares issuable upon the exercise of Options held by such person) of which he or she, whether directly or through holding companies or trusts for his or her benefit, is the beneficial owner (with the exception of one director holding 2,511 Class A Shares, as to whom the Board of Directors has no reason to believe that such director does not intend to tender his Class A Shares under the Offer).

The Company shall prepare and make available for distribution contemporaneously with, but separately from, the Take-over Bid Circular, in both the English and French languages as circumstances may require, sufficient copies of a Directors' Circular, prepared in accordance with Applicable Law, which shall reflect the foregoing determinations and recommendation, and the Company shall take all reasonable action to support the Offer. If the Board of Directors withdraws, modifies or changes any recommendation regarding the Offer as a result of a Superior Proposal (as hereinafter defined), as permitted by and in accordance with Section 5.2, the Company and the Board of Directors shall be entitled to cause any such withdrawal, modification or change to be reflected in a public announcement and in a directors' circular.

The Company shall provide the Offeror, upon the execution and delivery of this agreement, with a list of shareholders and a list of participants in book based nominee registrants such as CDS & Co., together with their addresses and respective holdings of Class A Shares. The Company shall concurrently provide the Offeror with the names, addresses and holdings of all persons having rights to acquire Class A Shares and the details of such rights. The Company shall from time to time furnish the Offeror with such additional information, including updated or additional lists of shareholders, mailing labels and lists of securities positions and other assistance as the Offeror may reasonably request in order to be able to communicate the Offer to Shareholders and to such other persons as are entitled to receive the Offer under Applicable Law.

1.3 **Outstanding Stock Options**. Subject to the receipt of all necessary regulatory approvals, the Company may take all such steps as may be necessary or desirable to allow all persons holding Options pursuant to the Stock Option Plan who may do so under Applicable Law to exercise their Options and to tender under the Offer all Class A Shares issued in connection with such exercise.

1.4 **Directors**. Promptly upon the purchase by the Offeror of such number of Class A Shares which represents at least a majority of the outstanding Class A Shares, the Offeror shall be entitled to designate all of the directors of the Board of Directors, and any committees thereof, and the Company shall, upon request by the Offeror, subject to Applicable Law, promptly exercise all reasonable efforts to secure the resignations of all directors and cause the Offeror's designees to be so elected or appointed.

1.5 **Subsequent Acquisition Transaction**. The Company agrees with the Offeror that, if the Offeror takes up and pays for Class A Shares under the Offer, the Company will assist the Offeror in any use by the Offeror of the compulsory acquisition provisions of Part XV of the Business Corporations Act (Ontario) (the "OBCA") if permitted to do so under the OBCA, and will assist the Offeror in connection with any proposed statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other transaction involving the Company and the Offeror or an affiliate of the Offeror (each, a "Subsequent Acquisition Transaction") to acquire the remaining Class A Shares, provided that the consideration offered in connection with the Subsequent Acquisition Transaction is at least equivalent to the consideration offered under the Offer. If permitted in accordance with Applicable Law, the Offeror agrees to take such steps as may be required to implement such a Subsequent Acquisition Transaction in a timely manner if the Minimum Tender Condition is satisfied and it takes up and pays for Class A Shares duly deposited under the Offer.

1.6 **Interpretation**. For purposes of this agreement, the following terms shall have the following meanings: (i) "Company" means Harrowston Inc. and shall include, for all purposes (unless the context otherwise reasonably excludes), each of the material subsidiaries of the Company (as identified in the Disclosure Letter) and, for greater certainty, a covenant by the Company to do or not to do something shall be construed also as a covenant by the Company to cause its subsidiaries to do that thing or not to permit its subsidiaries to do that thing, as the case may be, and any representation or warranty given as to the Company shall also be construed as being given as to each subsidiary of the Company and (ii) "Material Associates" means Marsulex Inc., Anchor Lamina Inc., MLL Telecom Ltd., Key Media Ltd., Genesis Pharmaceutical, Inc. and their respective subsidiaries. The terms "subsidiary", "affiliate" and "associate" have the respective meanings given to such terms in the OBCA.

1.7 **Guarantee**. Parent hereby guarantees the performance by the Offeror of the obligations of the Offeror under this agreement, including, without limitation, the making of the Offer and the taking up and paying for Class A Shares duly deposited thereunder, subject to the terms and conditions of this agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF THE OFFEROR AND PARENT

Parent and the Offeror jointly and severally hereby represent and warrant to the Company as follows, and acknowledges that the Company is relying upon these representations and warranties in connection with the entering into of this agreement:

2.1 **Organization and Qualification**. TD CPEP is a corporation existing under the laws of the Province of Ontario and has all corporate power and authority to conduct its business as now conducted. TD CPEP Barbados is a limited partnership existing under the laws of Barbados and has all necessary power and authority to conduct its business as now conducted. The Offeror is validly existing under the OBCA and has the requisite corporate power and authority to conduct its business as it is now being conducted. All of the outstanding shares of the Offeror are held by Parent.

2.2 **Authority Relative to this Agreement**.

(a) Each of the Offeror and the TD Capital Entities has the requisite power and authority to enter into this agreement and to perform its obligations hereunder. The execution and delivery of this agreement by each of the Offeror and the TD Capital Entities and the performance by each of the Offeror and the TD Capital Entities of its obligations hereunder have been duly authorized and no other proceedings on its part are necessary to authorize this agreement and the performance of its obligations hereunder. This agreement has been duly executed and delivered by each of the Offeror and the TD Capital Entities and constitutes its legal, valid and binding obligation, enforceable by the Company against it in accordance with its terms.

(b) The execution and delivery by each of the Offeror and the TD Capital Entities of this agreement and the performance by it of its respective obligations hereunder do not: (a) violate, conflict with or result in a breach of any provision of: (i) with respect to each of the Offeror and TD CPEP, its articles of incorporation or by-laws and, with respect to TD CPEP Barbados, the limited partnership agreement pursuant to which it was formed; (ii) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which it is a party or by which it is bound; or (iii) any law, regulation, order, judgment or decree to which it is subject or by which it is bound; (b) give rise to any right of termination, or acceleration of indebtedness, or cause any indebtedness to come due before its stated maturity, under any such agreement, contract, licence, franchise or permit; or (c) result in the imposition of any encumbrance, charge or lien upon any of its assets, other than any such violations, conflicts, breaches, rights or encumbrances, charges or liens which will not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this agreement.

(c) Other than in connection with or in compliance with the provisions of the Competition Act (Canada) and, if required, the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable corporate and securities laws and policies of the provinces and territories of Canada and the United States and the rules and regulations of stock exchanges on which shares of the Company are listed or posted for trading (collectively, "Applicable Law"), no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror or any TD Capital Entity for the consummation of the transactions contemplated by this agreement, except for such authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this agreement.

2.3 **Financing Arrangements**. The Offeror and Parent have made adequate arrangements to ensure that the required funds are available to effect payment in full for all of the Class A Shares acquired pursuant to the Offer.

2.4 **Ownership of Class A Shares**. Neither the Offeror nor any TD Capital Entity is the beneficial owner or holder of any Class A Shares or any shares of Marsulex Inc.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Offeror and Parent as follows, and acknowledges that the Offeror and Parent are relying upon these representations and warranties in connection with the entering into of this agreement:

3.1 **Organization and Qualification**. The Company is existing as a corporation under the OBCA and has full corporate power and authority to own its assets and conduct its business as now owned and conducted. The Company is duly qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the business, assets, properties, condition (financial or otherwise) or results of operations of the Company considered on a consolidated basis (a "Material Adverse Effect"). True and complete copies of the Articles of Incorporation and by-laws of the Company (collectively, the "Company Governing Documents") have been delivered to Parent. The Company Governing Documents have not been amended or superseded, and the Company has not taken any action to amend or supersede such documents.

3.2 **Subsidiaries, Affiliates and Associates**. All of the material subsidiaries, affiliates and associates of the Company are listed in the written disclosure letter of the Company addressed to the Offeror dated the date hereof and delivered by the Company contemporaneously with the delivery of this agreement (the "Disclosure Letter"). Except as set out in the Disclosure Letter, each subsidiary of the Company and, to the best knowledge of the Company, each of the Material Associates is existing as a corporation in good standing under the laws of its jurisdiction of incorporation, has full corporate power and authority to own its assets and to conduct its business as now owned and conducted by it and is duly qualified to carry on business in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities, makes such qualification necessary, except where the failure to be so qualified would not have a Material Adverse Effect.

3.3 **Compliance with Law**. Except as disclosed in the Harrowston Public Documents, the Marsulex Public Documents or the Anchor Lamina Public Documents, each of the Company and, to the best knowledge of the Company, the Material Associates has complied with and is in compliance with in all material respects all laws and regulations applicable to the operation of its business, including Applicable Law and laws relating to labour, employment standards and human rights, and has all licences, permits, orders or approvals of, and has made all required registrations with, all governmental or regulatory bodies having jurisdiction over it, except where the failure to be in compliance or to obtain any such licence, permit, order, approval or registration would not have a Material Adverse Effect.

3.4 **Capitalization of the Company and Associates.**

(a) The authorized equity capital of the Company consists of an unlimited number of Class A Shares and an unlimited number of Class B non-voting shares. As at the date hereof, 26,050,453 Class A Shares and no Class B non-voting shares are issued and outstanding and all such Class A Shares are fully paid and non-assessable shares in the capital of the Company. In addition, as of the date hereof, there are outstanding Options providing for the issuance of 2,515,289 Class A Shares upon the exercise thereof, the details of which are set out in the Disclosure Letter. Except for the rights (the "Rights") issued under the Shareholder Rights Plan of the Company and as described in the immediately preceding sentence, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations of the Company to issue or sell any shares of capital stock of the Company or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of the Company or any other person, nor are there outstanding any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of the Company other than the Company's Share Plan for Non-Employee Directors. The holders of the outstanding Class A Shares are not entitled to any pre-emptive or other similar rights.

(b) The percentage ownership interest of the Company in the outstanding capital stock of each of the material subsidiaries of the Company and its Material Associates is as set out in the Disclosure Letter. Except as set out in the Disclosure Letter or in the Harrowston Public Documents, the Marsulex Public Documents or the Anchor Lamina Public Documents, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations of or granted by any such subsidiary of the Company or, to the best knowledge of the Company, any Material Associate to issue or sell any shares of any capital stock of such subsidiary or Material Associate or securities or obligations of any kind convertible into or exchangeable for any shares of the capital stock of such subsidiary or Material Associate.

3.5 Authority Relative to this Agreement.

(a) The Company has the requisite corporate power and authority to enter into this agreement and to perform its obligations hereunder. The execution and delivery of this agreement by the Company and the consummation by the Company of the transactions contemplated by this agreement have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize this agreement and the performance by the Company of its obligations hereunder. This agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable by the Offeror and Parent against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.

(b) The execution and delivery by the Company of this agreement and the performance by it of its obligations hereunder and the completion of the Offer will not: (a) except as set forth in the Disclosure Letter, violate, conflict with or result in a breach of any provision of: (i) the articles or by-laws of the Company; (ii) any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which the Company or, to the best knowledge of the Company, any of its Material Associates is bound; or (iii) any law, regulation, order, judgment or decree to which the Company or, to the best knowledge of the Company, any of its Material Associates is subject or by which such person is bound; (b) except as set forth in the Disclosure Letter, give rise to any right of termination, or acceleration of indebtedness, or cause any indebtedness to come due before its stated maturity, under any agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which the Company or, to the best knowledge of the Company, any of its Material Associates is a party or by which such person is bound; or (c) except as set forth in the Disclosure Letter, give rise to any rights of first refusal or any restriction or limitation under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit, or result in the imposition of any encumbrance, charge or lien upon any of the Company's assets or, to the best knowledge of the Company, any of the assets of any Material Associate, other than any such violations, conflicts, breaches, rights of termination or acceleration, rights of first refusal, restrictions or limitations which will not, individually or in the aggregate, have a Material Adverse Effect.

(c) Other than in connection with or in compliance with the provisions of Applicable Law, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary for the consummation by the Company of its obligations under this agreement.

3.6 Material Agreements and Contracts. Except as described in the Harrowston Public Documents, the Marsulex Public Documents, the Anchor Lamina Public Documents or as listed in the Disclosure Letter, the Company is not party to or bound by any contract, agreement or instrument that is material to the business, assets, properties or operations of the Company (a "Material Contract"), including, without limitation, any (i) shareholders agreement, voting trust agreement, voting agreement, partnership or joint venture agreement, option agreement, investors agreement or other similar agreement or contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such an agreement or contract in any way relating to its interests in any of its subsidiaries or Material Associates or affecting the shares of any such subsidiary or Material Associate beneficially owned, directly or indirectly, by the Company or the ability of the holder thereof to exercise all ownership rights with respect to such shares, (ii) any trust indenture, mortgage, promissory note, loan agreement, credit agreement, security agreement or other agreement relating to the borrowing of money, (iii) any agreement of guarantee, support, indemnification, or assumption of, or any similar commitment with respect to, the obligations, liabilities or indebtedness of any person other than the Company, (iv) any other agreement, contract or commitment pursuant to which the Company is obligated (whether or not subject to any conditions) to subscribe for or otherwise acquire any equity interest in or security of, or make any contribution or loan to, any other person, including, without limitation, any of the Material Associates or (v) any agreement, contract or commitment which restricts or otherwise affects the Company's ability to use any cash and cash equivalents held by the Company in such manner as it may, in its sole judgment, determine. Except as set forth in the Disclosure Letter, no approval or consent of any person is needed in order that the Material Contracts continue in full force and effect following consummation of the transactions contemplated hereby.

3.7 Filings.

(a) Documents or information filed by the Company under Applicable Law, including the Company's: (a) 2000 Annual Report to Shareholders for the financial year ended December 31, 2000; (b) management information circular dated April 25, 2001 in respect of the annual meeting of shareholders to have been held June 5, 2001 (as postponed by the Company); (c) the annual information form dated May 10, 2001 for the fiscal year ended December 31, 2000; (d) interim consolidated financial statements (the "Interim Financial Statements") for the three months ended March 31, 2001; and (e) the directors' circular dated May 24, 2001 in respect of the offer to purchase Class A Shares made by Unity Capital Ltd. (collectively, the "Harrowston Public Documents") were, as of their respective dates, in compliance in all material respects with Applicable Law and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Documents or information filed by Marsulex Inc. ("Marsulex") under Applicable Law, including Marsulex's: (a) 2000 Annual Report to Shareholders for the financial year ended December 31, 2000; (b) management information circular dated March 13, 2001 in respect of the annual meeting of shareholders held May 16, 2001; (c) the annual information form dated May 1, 2001 for the fiscal year ended December 31, 2000; (d) interim consolidated financial statements for the three months ended March 31, 2001; (e) the material change report dated May 23, 2001 in respect of the initial public offering of units of Chemtrade Logistics Income Fund ("Chemtrade"); and (f) the preliminary prospectus of Chemtrade dated May 18, 2001 (collectively, the "Marsulex Public Documents") were, as of their respective dates, to the best knowledge of the Company, in compliance in all material respects with Applicable Law and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Documents or information filed by Anchor Lamina Inc. under Applicable Law, including Anchor Lamina Inc.'s: (a) 20-F filing for the year ended August 31, 2000; (b) 6-K filing for the three-month period ended November 30, 2000; and (c) 6-K filing for the three-month period ended February 28, 2001 (collectively, the "Anchor Lamina Public Documents") were, as of their respective dates, to the best knowledge of the Company, in compliance in all material respects with Applicable Law and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.8 Financial Matters.

(a) The audited consolidated balance sheets and related consolidated statements of operations and retained earnings, and consolidated statements of changes in financial position of the Company for the financial year ended December 31, 2000 and the unaudited consolidated balance sheet and consolidated statements of operations and consolidated changes in financial position of the Company as at and for the three-month period ended March 31, 2001 contained in the Harrowston Public Documents were prepared in accordance with generally accepted accounting principles in Canada consistently applied and fairly present the consolidated financial condition of the Company at the respective dates indicated and the results of operation of the Company (on a consolidated basis) for the respective periods covered thereby.

(b) As at the date of this agreement, the Company has cash and cash equivalents in an amount not less than $132.0 million.

3.9 Absence of Certain Changes or Events. Except as disclosed in the Harrowston Public Documents, the Marsulex Public Documents or the Anchor Lamina Public Documents, since December 31, 2000: (a) the Company and, to the best knowledge of the Company, the Material Associates have conducted their respective businesses only in the usual, ordinary and regular course, consistent with past practice; (b) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is reasonably likely to have a Material Adverse Effect has been incurred by the Company or, to the best knowledge of the Company, any of its Material Associates; and (c) there has not been any event or circumstance which has had or is reasonably likely to have a Material Adverse Effect.

3.10 Agreements with Employees and Others.

(a) Except as set forth in the Harrowston Public Documents or in the Disclosure Letter, the Company is not party to or otherwise bound by any written or oral agreement providing for (i) the employment of any director, officer or employee, (ii) severance or termination payments to, or any employment agreement with, any director, officer or employee or (iii) any rights in favour of any director, officer, employee or other person pursuant to which such person (A) has any option, warrant or other right to acquire (whether or not subject to any conditions) any shares of, or other interest in, any subsidiary or associate of the Company beneficially owned by the Company or (B) is entitled to any payment or compensation of any nature which is related to or contingent upon the performance of, or returns received or receivable by the Company in respect of, any investment made directly or indirectly by the Company in any other person.

(b) Company is neither a party to or otherwise bound by any collective bargaining agreement nor, to the knowledge of the Company, subject to any application for certification or union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current or, to the knowledge of the Company, pending or threatened, strikes or lockouts at the Company.

(c) The participation of Brent Belzberg and David Sutin in the Harrowston Incentive Plan was terminated, effective April 28, 2000, and there are currently no participants in the Harrowston Incentive Plan. The Company is not party to or otherwise bound by any other plan, contract or agreement (whether written or oral) pursuant to which any director, officer, employee or other person has any rights, entitlements or benefits the same as or similar to the rights, entitlements and benefits provided to the participants in the Harrowston Incentive Plan, except as set forth in the Harrowston Public Documents or in the Disclosure Letter.

(d) Except as set forth in the Harrowston Public Documents or in the Disclosure Letter, the Company is not subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or threatened, or any litigation, actual or threatened, relating to employment or termination of employment of employees or independent contractors.

(e) Except as set forth in the Harrowston Public Documents or in the Disclosure Letter, the Company has complied in all material respects with all the terms of, and all applicable laws in respect of, the pension and other employee compensation and benefit obligations of the Company, including the terms of any funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon the Company (collectively referred to as the "Benefit Plans") and all Benefit Plans are, as of the last actuarial valuation for same, fully funded and in good standing with such regulatory authorities as may be applicable.

3.11 **Litigation, Etc.** Except as described in the Harrowston Public Documents, the Marsulex Public Documents, the Anchor Lamina Public Documents or in the Disclosure Letter, there is no claim, action, proceeding or investigation pending or, to the best knowledge of the Company, threatened against or relating to the Company or, to the best knowledge of the Company, any Material Associate or affecting any of their respective properties or assets before or by any court or governmental or regulatory authority or body which, if adversely determined, is likely to have a Material Adverse Effect or prevent or delay consummation of the transactions contemplated by this agreement, nor is the Company aware of any basis for any such claim, action, proceeding or investigation. Neither the Company nor, to the best knowledge of the Company, any of the Material Associates is subject to any outstanding order, writ, injunction or decree which has had or is reasonably likely to have a Material Adverse Effect or prevent or materially delay consummation of the transactions contemplated by this agreement.

3.12 **Taxes**. Except as set out in the Disclosure Letter, the Company has duly and timely filed all tax returns and other like reports required to be filed by it and has paid all taxes, assessments and reassessments and all other governmental charges, penalties, interest and fines due or payable by it on or before the date hereof, other than those which are being contested in good faith or in respect of which reserves have been provided in the most recently published financial statements of the Company in accordance with generally accepted accounting principles. Except as set out in the Disclosure Letter, there are no audits, actions, suits, proceedings, investigations or claims (a "Tax Proceeding") presently pending or threatened against the Company in respect of taxes, governmental charges or assessments or any matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority, which, if adversely determined, would have a Material Adverse Effect. The Company has not requested any extension of time within which to file any tax return, which tax return has not been filed. The Company has not executed any outstanding waivers or comparable consents regarding the application of the statute of limitations with respect to any taxes or tax returns except where the related Tax Proceeding would not, if adversely determined, have a Material Adverse Effect. Except as set out in the Disclosure Letter, no deficiency for any taxes, governmental charges or assessments has been proposed, asserted or assessed against the Company that has not been resolved and paid in full. Except as set out in the Disclosure Letter, the Company has withheld, collected and remitted on a timely basis all amounts required to be withheld, collected or remitted by it in respect of taxes, assessments or other governmental charges.

3.13 **Fairness Opinion**. The Company has received opinions from RBC Dominion Securities Inc. and Scotia Capital Inc. that the Offer is fair from a financial point of view to the Shareholders, which opinion shall also be included in the Directors' Circular.

3.14 **Real Property**. Except as described in the Disclosure Letter, the Company does not own, nor has it agreed to acquire, any real property or any interest in any real property. The Company is not a party to any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee, other than the leases described in the Disclosure Letter, each of which is in good standing and in full force and effect without amendment thereto and neither the Company nor, to the knowledge of the Company, any other party thereto is in breach of any material covenant, condition or obligation contained therein. True and complete copies of each such lease have been provided to the Offeror.

3.15 **Environmental**. To the best knowledge of the Company, except as disclosed in the Harrowston Public Documents, the Marsulex Public Documents, the Anchor Lamina Public Documents or the Disclosure Letter, neither the Company nor any Material Associate has caused or permitted nor has there been any release, emission, spill or discharge, in violation of any Environmental Laws, of any Hazardous Substances on, in, around, from or in connection with any real property owned by the Company or any Material Associate, any property or facility which they previously owned or leased, or any property or facility owned or operated by any third party but with respect to which the Company or any Material Associate has or may reasonably be alleged to have liability, except to the extent that any such release, emission, spill or discharge would not have a Material Adverse Effect.

In this section 3.15, "Environmental Laws", "Hazardous Substances" and "Real Property" shall have the following meanings:

"Environmental Laws" means all legally binding statutes, laws, by-laws, regulations, ordinances, codes, policies, directives, rules and orders of governmental authorities relating to the protection of the environment, occupational health and safety, or the use, storage , disposal, discharge, packaging, transport, handling, containment, clean-up or other remediation or corrective action of any Hazardous Substances, in each case, as in effect on the date hereof;

"Hazardous Substances" means all pollutants, contaminants, chemicals, deleterious substances, hazardous material, toxic or hazardous wastes or any other substance, matter or material regulated by or under Environmental Laws; and

"Real Property" means the immoveable property owned or leased by the Company and the Material Associates.

ARTICLE 4

CONDUCT OF BUSINESS

4.1 **Conduct of Business**. The Company covenants and agrees that, prior to the time (the "Effective Time") of the appointment or election to the Board of Directors of persons designated by the Offeror who represent a majority of the directors of the Company, unless the Offeror shall otherwise agree in writing or as otherwise expressly contemplated or permitted by this agreement:

(a) except in connection with the reorganization described in the preliminary prospectus dated May 18, 2001 of Chemtrade Logistics Income Fund (the "Marsulex Reorganization"), the Company shall, and shall use all reasonable efforts to cause each of the Material Associates to, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in, the usual, ordinary and regular course of business;

(b) the Company shall not directly or indirectly do or permit to occur any of the following: (i) issue, sell, pledge, lease, dispose of, encumber or agree to issue, sell, pledge, lease, dispose of or encumber: (A) any additional shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, any capital stock (other than pursuant to the exercise of employee stock options currently outstanding); or (B) except in the ordinary course of business or as contemplated by any pre-existing binding contractual arrangements, any assets; (ii) amend or propose to amend its articles (or any similar charter or constating documents) or by-laws; (iii) split, combine or reclassify any outstanding shares, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to its outstanding shares; (iv) redeem, purchase or offer to purchase (or permit any of its subsidiaries to redeem, purchase or offer to purchase) any of its outstanding shares or other securities; (v) reorganize, amalgamate or merge with any other person, corporation, partnership or other business organization whatsoever; (vi) reduce its stated capital; (vii) acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any person, corporation, partnership or other business organization or division or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly-owned subsidiaries), property transfer or purchase of, any property or assets of any other person, corporation, partnership or other business organization; (viii) incur or commit to incur any indebtedness for borrowed money or financing obligation (such as a capital lease) or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other person, corporation, partnership or other business organization, or make any loans or advances; (ix) adopt a plan of liquidation or resolutions providing for liquidation or dissolution; (x) pay, discharge or satisfy any material claims, liabilities or obligations other than the payment, discharge or satisfaction of any such claims, liabilities or obligations reflected or reserved against in the Company's financial statements, incurred in the ordinary course of business consistent with past practice or described in the Disclosure Letter; (xi) release, waive, amend or relinquish any material contractual right; or (xii) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing licence, lease, contract or other document, other than in the ordinary course of business consistent with past practice;

(c) the Company shall not (i) enter into or modify any employment, severance, collective bargaining or other agreements or arrangements of any nature with, or grant any bonuses, salary increases, severance or termination pay to, any officers or directors; or (ii) in the case of employees who are not officers or directors, take any action with respect to the grant of any bonuses, salary increases, severance or termination pay or with respect to any increase of salaries (other than in the ordinary course of business in an aggregate amount not greater than $25,000 per annum for all employees), compensation or other benefits payable or to which the employees are entitled at the date hereof;

(d) the Company shall not adopt or amend any bonus, profit sharing, incentive, compensation, stock option, pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any director, officer, employee or other person, except that the Company may amend its Stock Option Plan to permit holders of Options to, in lieu of the exercise of options, require the Company to pay to a holder after the Offeror takes up and pays for Class A Shares under the Offer, in respect of each Class A Share under an Option, the amount by which the amount paid per Class A Share under the Offer exceeds the exercise price per Class A Share under such Option;

(e) the Company shall use all commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(f) the Company shall: (i) use all commercially reasonable efforts to preserve intact its business organizations and goodwill, to keep available the services of its officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with them; (ii) not take any action which would render, or which reasonably may be expected to render, any representation or warranty made by it in this agreement untrue at any time prior to the Effective Time if then made; and (iii) promptly notify the Offeror orally and in writing of any material adverse change in the normal course of its or any of the Material Associates' businesses or in the operation of its or any of the Material Associates' properties and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated);

(g) the Company shall not authorize or propose, or entertain, negotiate or enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters set forth in this Section 4.1;

(h) the Company shall use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions of the Offer set forth in Schedule A to this agreement and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to support the Offer, including using all reasonable commercial efforts to:

(i) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any Applicable Law;

(ii) co-operate with the Offeror to oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affect the Offeror's ability to consummate the Offer; and

(iii) co-operate with the Offeror in connection with the performance by it of its obligations hereunder; and

(i) the Company shall make or co-operate as necessary in the making of all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws.

ARTICLE 5

MISCELLANEOUS

5.1 **Further Assurances**. Subject to the conditions herein provided, each party hereto agrees to use all reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by the Offer and this agreement, including the execution and delivery of such documents as the other party hereto may reasonably require, and shall use best efforts to obtain all necessary waivers, consents and approvals, including those set forth in Sections 2.2 and 3.5, and to effect all necessary registrations and filings, including, but not limited to, filings under Applicable Law and submissions of information requested by governmental authorities. Each of the parties hereto, where appropriate, shall reasonably co-operate with the other party in taking such actions.

5.2 **No Solicitations, Opportunity to Match, Etc**.

(a) On and after the date hereof, the Company will not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, (i) make, solicit, initiate or encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) inquiries, the submission of proposals or offers from any other person, corporation, partnership or other business organization whatsoever (other than Parent and the Offeror) relating to any liquidation, dissolution, recapitalization, merger, amalgamation, arrangement or acquisition or purchase of all or a material portion of the assets of, or any equity interest in, the Company or any of the Material Associates or other similar transaction or business combination involving the Company or any of the Material Associates (any such inquiry, proposal or offer being referred to herein as an "Acquisition Proposal"), or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek to do any of the foregoing, or (iii) approve or recommend any Acquisition Proposal or enter into any agreement related to any Acquisition Proposal; provided, however, that the foregoing shall not prevent the Company and the Board of Directors from responding or otherwise taking any of the actions referred to in subparagraphs (ii) and (iii) above in respect of a Superior Proposal, subject to compliance by the Company with its obligations under Section 5.2(e). As used herein, "Superior Proposal" means an unsolicited bona fide written Acquisition Proposal for which adequate financial arrangements have been made and in respect of which the Board of Directors has determined in good faith, after consultation with its financial advisors and after receiving an opinion of outside counsel or advice of outside counsel that is reflected in the minutes of the Board of Directors to the effect that the Board of Directors is required to take such action in order to discharge properly its fiduciary duties, that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction more favourable to the Shareholders than the Offer. For greater certainty, a bona fide Acquisition Proposal shall not be considered solicited solely because it is proposed by a party with whom the Company had held discussions or negotiations with respect to a potential Acquisition Proposal prior to the date hereof.

(b) The Company shall immediately cease and cause to be terminated any existing discussions or negotiations with any parties (other than Parent and the Offeror and their affiliates) with respect to any potential Acquisition Proposal. The Company agrees not to release any third party from any confidentiality or standstill agreement to which the Company and such third party are parties. The Company shall immediately cease to provide any other party with access to information concerning the Company and request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with the Company relating to any potential Acquisition Proposal and shall use all reasonable efforts to ensure that such requests are honoured.

(c) The Company shall immediately provide notice to the Offeror and Parent of any bona fide Acquisition Proposal or any request for non-public information relating to the Company or any of the Material Associates in connection with such a bona fide Acquisition Proposal or for access to the properties, books or records of the Company or any Material Associate by any person or entity that informs any member of the Board of Directors or such Material Associate that it is considering making, or has made, an Acquisition Proposal. Such notice to the Offeror and Parent shall be made, from time to time, first immediately orally and then promptly in writing and shall indicate the identity of the person making such proposal, inquiry or contact, all material terms thereof and such other details of the proposal, inquiry or contact known to the Company (including, without limitation, a copy of such proposal, inquiry or contact) as the Offeror and Parent may reasonably request.

(d) If the Board of Directors receives a request for material non-public information from a party who proposes to the Company a bona fide Acquisition Proposal (the existence and content of which have been disclosed to the Offeror and Parent) and if the Board of Directors determines that such proposal would be a Superior Proposal pursuant to Section 5.2(a) having received the advice and opinion referred to therein, then, and only in such case, the Company may provide such party with access to information regarding the Company, subject to the execution of a confidentiality and standstill agreement that provides the Company with substantially the same protection as the confidentiality and standstill agreement entered into between TD Capital Group Limited and the Company (the "Confidentiality Agreement").

(e) Notwithstanding the proviso in Section 5.2(a) above, the Company covenants that it will not accept, approve, recommend or enter into any agreement providing for or to facilitate an Acquisition Proposal in respect of a Superior Proposal (a "Superior Proposal Agreement") unless the Company first provides the Offeror and Parent with an opportunity to amend this agreement and the Offer to provide for at least equivalent financial terms to those included in the Superior Proposal contained in the proposed Superior Proposal Agreement as determined by the Board of Directors acting in good faith and in accordance with its fiduciary duties. In particular, the Company covenants to provide the Offeror and Parent with a copy of any proposed Superior Proposal Agreement and any other document relating to any Superior Proposal provided by the party making such Superior Proposal, together with a written notice from the Board of Directors regarding the value in financial terms that the Board of Directors has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered in connection with such Superior Proposal, not less than three full business days prior to the proposed execution by the Company of any Superior Proposal Agreement. The Company shall, and shall cause its financial and legal advisors to, negotiate with the Offeror and Parent in good faith to make such adjustments to the terms and conditions of this agreement as would enable the Company to proceed with the transactions contemplated hereby. If the Offeror agrees to amend this agreement or the Offer as provided above, the Company covenants and agrees (i) not to enter into the proposed Superior Proposal Agreement and not to support in any way the Superior Proposal reflected in the Superior Proposal Agreement, (ii) not to withdraw, modify or change any recommendation regarding the Offer and (iii) to enter an agreement amending the terms of this agreement to reflect the Offeror's agreement to amend the Offer.

(f) The Company shall ensure that the officers, directors and employees of the Company and any investment bankers or other advisors or representatives retained by the Company are aware of the provisions of this section, and the Company shall be responsible for any breach of this section 5.2 by such bankers, advisors or representatives.

5.3 **Notification of Certain Matters**. Each party shall give prompt notice to the other of (a) the occurrence or failure to occur of any event, which occurrence or failure would cause or may cause any representation or warranty on its part contained in this agreement to be untrue or inaccurate in any respect at any time from the date hereof to the Effective Time; and (b) any failure of such party, or any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

5.4 **Investigation**. Any investigation by the Offeror and its advisors shall not mitigate, diminish or affect the representations and warranties of the Company contained in this agreement or any document or certificate given pursuant hereto.

5.5 **Shareholder Claims**. The Company shall not settle or compromise any claim brought by any present, former or purported holder of any securities of the Company in connection with the transactions contemplated by this agreement prior to the Effective Time without the prior written consent of the Offeror.

5.6 **Officers' and Directors' Insurance**. The Offeror agrees that, for the period from the Effective Time until six years after the Effective Time, it will cause the Company or any successor to the Company to maintain the Company's current directors' and officers' insurance policy or an equivalent policy providing coverage on a six-year "trailing" or "run-off" basis, subject in either case to terms and conditions no less advantageous to the directors and officers of the Company than those contained in the policy in effect on the date hereof, for all present and former directors and officers of the Company, covering claims made prior to or within six years after the Effective Time.

5.7 **Due Diligence Investigations**. The Company agrees to provide Parent and the Offeror and their representatives with immediate access to all books, records, information and files in its possession and control, including all information in its possession with respect to the Material Associates and any other investments made by the Company, and access to the Company's personnel and advisors on an as-requested basis in order to allow Parent and the Offeror to conduct all such additional due diligence investigations as Parent and the Offeror may consider necessary or advisable. The Company further agrees to use all reasonable efforts to assist Parent and the Offeror in gaining access to all such information relating to the Material Associates as Parent and the Offeror may reasonably request.

5.8 **Co-operation**. The Offeror and the Company agree to cooperate in good faith and to take all reasonable steps and actions after the date hereof, as are not adverse to the party requested to take any such step or action, to complete the Offer and the other transactions contemplated hereby in a manner which is most tax effective for the parties hereto. In addition, in the event that the Offeror or the Company concludes that it is necessary to proceed with another form of transaction (such as a plan of arrangement) whereby the Offeror would effectively acquire all of the Shares on economic terms and other terms and conditions (including, without limitation, tax treatment) and having consequences to the Company and its shareholders which are equivalent to those contemplated by this Agreement (an "Alternative Transaction"), the Company agrees to support the completion of such Alternative Transaction in the same manner as the Offer and the Company and the Offeror agree to otherwise fulfil its covenants contained in this agreement in respect of such Alternative Transaction, provided that any other terms of the Alternative Transaction, such as timing of completion and any other requisite matters, shall be as agreed between the Company and the Offeror, acting reasonably.

5.9 **Reorganization**. The Company agrees that, upon request by the Offeror, the Company shall (i) effect such reorganizations of its business, operations and assets or such other transactions as the Offeror may request, acting reasonably (each a "Pre-Acquisition Reorganization") and (ii) cooperate with the Offeror and its advisors in order to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they might most effectively be undertaken. The Offeror shall provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least ten business days prior to the Expiry Time. Upon receipt of such notice, the Offeror and the Company shall work cooperatively and use all commercially reasonable efforts to prepare prior to the Expiry Time all documentation necessary and do all such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization. The completion of any such Pre-Acquisition Reorganization shall be effected immediately prior to any take-up by the Offeror of Class A Shares tendered to the Offer.

5.10 **Employee Severance Agreements**. The Offeror acknowledges that it has read and understood the terms of the employee severance agreements identified in the Disclosure Letter and the terms of the Company's Share Plan for Non-Employee Directors and the Offeror will cause the Company to abide by and perform (and not challenge or contest) the provisions thereof and the obligations of the Company thereunder following the Expiry Time.

5.11 **Chase Voting Agreement**. The Company shall use its best efforts to terminate, immediately prior to the take-up of Class A Shares under the Offer, the voting agreement dated December 22, 2000 between Harrowston and Chase Equity Associates L.P. ("Chase") and any other agreements or arrangements between the Company and Chase relating to the shares of Marsulex Inc. held by Chase and the Company.

ARTICLE 6

TERMINATION, AMENDMENT AND WAIVER

6.1 **Termination**. This agreement may be terminated at any time prior to the Effective Time:

(a) by mutual consent of the Offeror, Parent and the Company;

(b) by the Offeror (i) at any time on or prior to the Latest Mailing Date, if any condition to making the Offer is not satisfied or waived by such date, or (ii) at any time, if (A) the Company breaches or is in default of any material covenant or obligation under this agreement or if any representation or warranty of the Company under this agreement is untrue or incorrect in any material respect, (B) the Offeror delivers written notice to the Company of such breach or default and (C) such breach or default shall not have been cured by the Company by the earlier of the Expiry Time and the close of business on the second business day following the giving of such notice;

(c) by either the Offeror or the Company after September 7, 2001 if the Offeror has not taken up and paid for Class A Shares duly deposited under the Offer, other than as a result of the breach by the Company of any material covenant or obligation under this agreement or as a result of any representation or warranty of the Company in this agreement being untrue or incorrect in any material respect; provided, however, that if the take-up of and payment for Class A Shares under the Offer is delayed by (i) an action, suit or proceeding of the type referred to in paragraph (f) of Schedule A having been made which is being defended by the Parent, the Offeror and/or the Company or any order or injunction made by a court or regulatory authority of competent jurisdiction of the type referred to in paragraphs (d) or (f) in circumstances where the order or injunction is under appeal or (ii) the Offeror not having obtained any regulatory waiver, consent or approval required in connection with the Offer, then the Company shall not be entitled to terminate this Agreement until January 31, 2002;

(d) by the Offeror or the Company if the Offeror has been notified of any proposed agreement with respect to any Superior Proposal in accordance with Section 5.2(e) and the Offeror does not agree to amend this agreement and the Offer as described in Section 5.2(e);

(e) by the Offeror if any condition of the Offer shall not be satisfied or waived by the Offeror at the Expiry Time and the Offeror shall not elect to waive such condition or extend the Offer; or

(f) by the Company, if the Offeror does not mail the Offer within the time contemplated by Section 1.1.

6.2 **Termination Fee**. Parent shall be entitled to a termination fee in the amount of $5,715,000 (the "Termination Fee") upon the occurrence of any of the following events (each a "Termination Fee Event") which shall be paid to Parent by the Company within the period of time specified in respect of each such Termination Fee Event (provided there shall be no duplication of the Company's obligation to pay the Termination Fee under this Section 6.2):

(a) prior to the Expiry Time, the Board of Directors shall for any reason have withdrawn its recommendation in favour of the Offer or changed its recommendation in a manner adverse to the Offeror or that has substantially the same effect as the withdrawal thereof, or shall have approved or recommended acceptance of any Acquisition Proposal, in which case the Termination Fee shall be paid to Parent on the first business day following such action; or

(b) prior to the Expiry Time, the Company enters into a Superior Proposal Agreement, in which case the Termination Fee shall be paid to Parent on the first business day following the entering into of the Superior Proposal Agreement; or

(c) prior to the Expiry Time, the Board of Directors shall have failed to reaffirm its recommendation of the Offer by press release within 72 hours after the public announcement or commencement of any Acquisition Proposal (or in the event that the Offer is scheduled to expire within such 72-hour period, prior to the scheduled expiry of the Offer), in which case the Termination Fee shall be paid to Parent on the first business day following the expiry of such 72-hour period; or

(d) prior to the Expiry Time, an Acquisition Proposal (other than the offer for Class A Shares made by Unity Capital Ltd. prior to the date hereof) shall have been publicly announced or any person shall have publicly announced an intention to make an Acquisition Proposal and (i) the Offer is not completed as a result of the Minimum Tender Condition not having been met and (ii) any Class A Shares have been acquired under such Acquisition Proposal or any other Acquisition Proposal which is publicly announced within the 12-month period following the Expiry Time, in which case the Termination Fee shall be paid to Parent on the first business day following the acquisition of any Class A Shares under any such Acquisition Proposal; or

(e) prior to the Expiry Time, this agreement shall have been terminated by either the Offeror or the Company pursuant to section 6.1(d) as a result of the Offeror having elected not to amend this agreement and the Offer in accordance with section 5.2(e), in which case the Termination Fee shall be paid to Parent on the day following the day on which this agreement is so terminated.

If (i) the Company is required to pay the Termination Fee to Parent as provided in this Section 6.2 or (ii) the Offeror terminates this agreement pursuant to Section 6.1(b)(ii), the Company shall pay, contemporaneously with the payment of the Termination Fee in the case of (i) and on the first business day following termination of this agreement in the case of (ii), such amount (the "Expense

Reimbursement Amount") as is required to reimburse Parent and the Offeror for all costs and expenses incurred in connection with the Offer, including all reasonable fees, costs and expenses of its financial, legal, auditing and other professional and other advisors and any and all other costs and expenses whatsoever and howsoever incurred (including, without limitation, any work, commitment, standby or other fees or reimbursable expenses of any person in connection with the financing of the Offer) up to a maximum of $2,000,000.

For greater certainty, nothing in this Section 6.2 shall prevent or in any way limit the right of Parent and Offeror to bring an action against the Company (or any other person) for damages suffered by Parent and the Offeror as a result of the breach or default by the Company giving rise to the right of the Company to terminate this agreement pursuant to Section 6.1(b)(ii); provided that the Company's liability in respect of any such claim shall be limited to an amount equal to the Termination Fee.

The Termination Fee and the Expense Reimbursement Amount shall be paid by the Company by way of certified cheque or wire transfer in immediately available funds to an account specified by Parent.

6.3 **Amendment**. This agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

6.4 **Waiver**. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of any other party thereto or (b) waive compliance with any of the agreements of any other party or with any conditions to its own obligations, in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

6.5 **Effect of Termination**. If this agreement is terminated as provided in Section 6.1, there shall be no liability or further obligation on the part of either party hereto or any of their respective shareholders, officers or directors, except for liability arising from a wilful breach of this agreement or common law fraud. Notwithstanding the foregoing or anything else contained in this agreement, the obligations of the Company under Section 6.2 shall survive any termination of this agreement.

ARTICLE 7

GENERAL PROVISIONS

7.1 **Brokers**. The Offeror and the Company represent and warrant to each other that, except for, in the case of the Company, RBC Dominion Securities Inc. and Scotia Capital Inc. and, in the case of Parent and the Offeror, TD Securities Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission, or to the reimbursement of any of its expenses, in connection with the Offer or any similar transaction based upon arrangements made by or on behalf of the Company. The Company has provided to Parent and the Offeror a correct and complete copy of all agreements between the Company or any affiliate thereof and RBC Dominion Securities Inc. and Scotia Capital Inc. relating to the payment of fees and expenses to them and there are no other agreements (whether in writing or oral) between the Company and such parties.

7.2 **Public Statements**. Except as required by Applicable Law, none of the Offeror, Parent or the Company shall make any public announcement or statement with respect to the Offer or this agreement without the approval of the Company or Parent and the Offeror, respectively, except to the extent necessary to comply with Applicable Law. Moreover, in any event, to the extent practicable given time constraints, each party agrees to give prior notice to the other of any public announcement relating to the Offer or affairs of the Company, and agrees to consult with each other prior to issuing each such public announcement.

7.3 **Notices**. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended or if sent by fax transmission, upon receipt of oral confirmation that such transmission has been received, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person. The date of receipt of any such notice or other communication if delivered personally shall be deemed to be the date of delivery thereof or if sent by fax transmission the date of such transmission.

If to TD CPEP:

66 Wellington Street West
The Toronto-Dominion Bank Tower
9th Floor
Toronto Dominion Centre
Toronto, ON M5K 1A2

Fax:(416) 982-5045
Attention: Joseph Wiley

With a copy to:

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, ON M5X 1B1

Fax:(416) 863-0871
Attention:J-P. Bisnaire and Patrick G. Barry

If to TD CPEP Barbados:

TD CPEP Barbados
Corporate Centre
Bush Hill, St. Michael
Barbados, West Indies

Fax:(246) 228-4584
Attention:Jack Herrity

With a copy to:

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, ON M5X 1B1

Fax:(416) 863-0871
Attention:J-P. Bisnaire and Patrick G. Barry

If to the Company:

Harrowston Inc.
181 Bay Street
Suite 3820
Toronto, ON M5J 2T3

Fax:(416) 956-7001
Attention:Chairman

With a copy to:

Stikeman Elliott
5300 Commerce Court West
199 Bay Street

Toronto, ON M5L 1B9

Fax:(416) 947-0866
Attention:John Stransman and
Brian Pukier

7.4 **Section Headings, Etc**. The headings contained in this agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this agreement. References to sections and Articles refer to sections and articles of this agreement unless otherwise stated. Unless the context otherwise requires, words used herein importing the singular include the plural and vice versa.

7.5 **Severability**. If any term, provision, covenant or restriction of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under the agreement.

7.6 **Entire Agreement, Assignment and Governing Law**. This agreement and the Confidentiality Agreement (together with all other documents and instruments referred to herein and therein) constitute the entire agreement and supersede all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof and thereof. Notwithstanding the foregoing, in the event of any inconsistency between the terms and provisions of this agreement and those contained in the Confidentiality Agreement, the terms and provisions of this agreement shall prevail.

This agreement: (a) is not intended to confer upon Shareholders or any other person not a party hereto any rights or remedies; (b) shall not be assigned by operation of law or otherwise, except that the Offeror may assign all or any portion of its rights under this agreement to any affiliate (as such term is defined in the Securities Act (Ontario)) of the Offeror or associate of Parent, but no such assignment shall relieve the Offeror of its obligations hereunder; and (c) shall be governed in all respects, including validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein, without giving effect to the principles of conflict of laws thereof.

7.7 **Counterparts**. This agreement may be executed in any number of counterparts, each of which shall be deemed to be original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this agreement to produce more than one counterpart.

IN WITNESS WHEREOF, the parties have executed this agreement.

TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS LTD., as nominee

By: "J WILEY"
Name: J. WILEY
Title: Managing Director

TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS (BARBADOS) LIMITED, acting in its capacity as general partner of **TD CAPITAL CANADIAN PRIVATE EQUITY PARTNERS (BARBADOS) L.P.**

By: "J. HERRITY"
Name: J. HERRITY
Title: Chairman

1479523 ONTARIO INC.

By: “J. WILEY”
Name: J. WILEY
Title: Director

HARROWSTON INC.

By: “BRENT S. BELZBERG”
Name: BRENT S. BELZBERG
Title: Director

By: “DAVID A. MINDELL”
Name: DAVID A. MINDELL
Title: Director

SCHEDULE A

CONDITIONS OF THE OFFER

Notwithstanding any other provision of the agreement to which this schedule is attached (the "Agreement") or of the Offer, the Offeror shall have the right to withdraw or terminate the Offer (or amend the Offer to postpone taking up and paying for any Class A Shares deposited under the Offer), and shall not be required to accept for payment, take-up, purchase or pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Class A Shares deposited under the Offer, unless all of the following conditions are satisfied or waived by the Offeror at or prior to the Expiry Time:

(a) there shall have been validly deposited under the Offer and not withdrawn that number of Class A Shares constituting at least 66 2/3% of the Class A Shares (calculated on a fully-diluted basis);

(b) the Offeror shall have determined in its sole judgment that, on terms satisfactory to the Offeror:

(i) the Board of Directors has redeemed all outstanding Rights or waived the application of the Shareholder Rights Plan to the purchase of Class A Shares by the Offeror under the Offer and any Subsequent Acquisition Transaction; or

(ii) the Rights and the Shareholder Rights Plan have become or been held unexercisable or unenforceable with respect to the Offer and any Subsequent Acquisition Transaction;

(c) any applicable waiting periods under the Competition Act (Canada) and, if applicable, the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 or under similar laws of other jurisdictions, if any, shall have expired or been earlier terminated or waived;

(d) there shall not exist any prohibition at law against the Offeror making the Offer or taking up and paying for any Class A Shares deposited under the Offer or completing any Subsequent Acquisition Transaction or any order requiring or having the effect of requiring the Offeror to acquire any securities of any person other than the Company;

(e) all regulatory approvals, reviews or decisions (including, without limitation, those of any stock exchanges or other securities regulatory authorities) required in order to complete the Offer on terms satisfactory to the Offeror, acting reasonably;

(f) the Offeror shall have determined in its judgment that (i) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity) in

Canada or elsewhere, whether or not having the force of law, and (ii) no law, regulation or policy shall have been proposed, enacted, promulgated or applied:

(A) to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by or the sale to the Offeror of the Class A Shares or the right of the Offeror to own or exercise full rights of ownership of the Class A Shares; or

(B) which, if the Offer were consummated, could, in the Offeror's sole judgment (x) materially adversely affect the Company and its subsidiaries, associates and its entities considered on a consolidated basis or the Offeror's ability to effect a Subsequent Acquisition Transaction or (y) require the Offeror to acquire any securities of any person other than the Company;

(g) there shall not exist or have occurred (or, if there does exist or shall have previously occurred, there shall not have been disclosed, generally or to the Offeror) any change (or any condition, event or development involving a prospective change) in the business, operations, assets, capitalization, financial condition, prospects, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, of the Company or any Material Associate (as defined in the Agreement) which, in the sole judgment of the Offeror, is or may be materially adverse to the Company and its subsidiaries, associates and entities in which it has a direct or indirect material interest ("entities") considered on a consolidated basis;

(h) the Board of Directors shall not have withdrawn its recommendation that holders of Class A Shares accept the Offer or changed or modified such recommendation in a manner that has substantially the same effect; and

(i) the Company shall have complied in all material respects with its covenants and obligations under the Agreement to be complied with at or prior to the Expiry Time and all representations and warranties of the Company under the Agreement shall be true and correct in all material respects at the Expiry Time (except to the extent that any such representation or warranty is expressed to be given as of a specific date, in which case such representation or warranty shall be true and correct as of such date).

The foregoing conditions are for the sole benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to any such assertion or may be waived by the Offeror in whole or in part at any time and from time to time in its sole discretion, without prejudice to any other rights which the Offeror may have. The failure by the Offeror at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Offeror concerning the events described in the foregoing conditions shall be final and binding on all parties.

For purposes of this schedule and the Agreement, "fully-diluted basis" means, with respect to the number of outstanding Class A Shares at any time, such number of outstanding Class A Shares calculated assuming that (i) all outstanding options, warrants or other rights to acquire Class A Shares are exercised and Class A Shares are issued pursuant thereto, whether or not such warrants, options or other rights are exercisable by the holder and (ii) all outstanding securities of the Company that are convertible into Class A Shares are converted, whether or not such conversion securities are exercisable by the holder.