ARRANGEMENT AGREEMENT

Dated as of July 22, 2007

among

BROCK HOLDINGS III, INC.,

1338012 ALBERTA LTD.

and

STEEPLEJACK INDUSTRIAL GROUP INC.

ARRANGEMENT AGREEMENT

This ARRANGEMENT AGREEMENT, dated as of July 22, 2007 (this "Agreement"), is among Brock Holdings III, Inc., a Delaware corporation ("Parent"), 1338012 Alberta Ltd., an Alberta corporation and an indirect wholly owned Subsidiary of Parent ("Acquisition Sub"), and Steeplejack Industrial Group Inc., an Alberta corporation (the "Company"). Certain terms used in this Agreement are used as defined in Section 7.13.

WHEREAS, subject to the terms and conditions of this Agreement, Parent, through Acquisition Sub, is proposing to acquire all of the outstanding common shares in the capital of the Company (the "Company Common Shares"), for $11.50 in cash per Company Common Share (the "Consideration").

WHEREAS, the Company has agreed to submit to the holders of the Company Common Shares (the "Company Shareholders") and holders of Options a statutory arrangement under Section 193 of the Business Corporations Act (Alberta), as amended (the "ABCA") pursuant to which, among other things, Acquisition Sub will acquire each outstanding Company Common Share for the Consideration on the terms set out in the Plan of Arrangement.

WHEREAS, Parent, Acquisition Sub and the Company have entered into this Agreement to set out their agreements in respect of the proposed statutory arrangement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, Parent, Acquisition Sub and the Company hereby agree as follows:

ARTICLE 1
THE ARRANGEMENT

SECTION 1.1 <u>The Implementation Steps by Company.</u>

The Company covenants in favor of Parent and Acquisition Sub that the Company shall:

(a) as soon as practicable after the execution of this Agreement, apply in a manner acceptable to Parent, acting reasonably, under subsection 193 of the ABCA for the Interim Order, and thereafter proceed with and diligently pursue the obtaining of the Interim Order, provided that Parent and Acquisition Sub covenant in favor of the Company to provide an affidavit in support of the application for the Interim Order as to the reasons for implementing the transactions contemplated by the Arrangement by plan of arrangement;

(b) as soon as practicable after the execution of this Agreement, but no later than 30 days after the date of the Interim Order, convene and hold the Meeting in accordance with Section 4.1 for the purpose of considering the Arrangement Resolution (and for any other proper purpose as may be acceptable to Parent, acting reasonably, and as may be set out in the notice for such meeting);

(c) subject to obtaining such approvals as are required by the Interim Order, proceed with and diligently pursue the application to the Court for the Final Order;

(d) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions herein contained in favor of each party, on the Closing Date send to the Registrar, for filing by the Registrar, the Articles of Arrangement and such other documents as may be required in connection therewith under the ABCA to give effect to the Arrangement; and

(e) provide Parent with copies of and a reasonable opportunity to comment on all applications, circulars and other documents prepared by or on behalf of the Company in connection with the Arrangement and make any changes to such applications, circulars and documents as are acceptable to the Company, acting reasonably.

SECTION 1.2 Interim Order.

In the application contemplated by Section 1.1(a), the Company shall request the Interim Order provide:

(a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;

(b) that the securities of the Company for which holders shall be entitled to vote on the Arrangement Resolution at the Meeting shall be the Company Common Shares and the Options;

(c) that each holder of Company Common Shares and Options shall be entitled to one vote for each Company Common Share or Option held by such holder;

(d) that the requisite approval for the Arrangement Resolution shall be (i) 66-2/3% of the votes cast on the Arrangement Resolution by the Company Shareholders and holders of Options, voting as a single class, present in person or by proxy at the Meeting and (ii) a simple majority of the votes cast on the Arrangement Resolution by the Company Shareholders present in person or by proxy at the Meeting, excluding votes cast by those persons whose votes must be excluded pursuant to Ontario Securities Commission Rule 61-501 and Regulation Q-27 of the Autorité des marchés financiers of the Province of Quebec (collectively, the "Company Securityholder Approval");

(e) that, in all other respects, the terms, restrictions and conditions of the by-laws and articles of incorporation of the Company, including quorum requirements and all other matters, shall apply in respect of the Meeting;

(f) for the grant of Dissent Rights to the holders of Company Common Shares; and

(g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order.

SECTION 1.3 Articles of Arrangement.

The Articles of Arrangement shall implement the Plan of Arrangement and provide substantially as follows:

(a) that each Option (whether vested or unvested) outstanding immediately prior to the Effective Time shall be deemed to be vested and shall be transferred by the holder thereof to the Company and cancelled in exchange for a cash payment by the Company equal to the amount (if any) by which the Consideration exceeds the exercise price thereof, less applicable withholdings;

(b) that the Company Stock Option Plan shall be terminated;

(c) that each outstanding Company Common Share (other than the Company Common Shares that are held by holders who have exercised their Dissent Rights in accordance with Article 3 of the Plan of Arrangement and who are ultimately entitled to be paid the fair value for such Company Common Shares) shall be transferred by the holder thereof to Acquisition Sub in exchange for a cash payment equal to the Consideration;

(d) that the names of the holders of the Company Common Shares transferred to Acquisition Sub shall be removed from the applicable registers of holders of Company Common Shares and Acquisition Sub will be recorded as the registered holder of the Company Common Shares so acquired and shall be deemed to be the legal and beneficial owner thereof free and clear of any Liens; and

(e) that upon completion of the matters referred to in (a) to (d) above, Acquisition Sub and the Company will amalgamate and continue as one corporation in accordance with the Plan of Arrangement.

SECTION 1.4 Deposit of Funds by Acquisition Sub.

Parent shall cause Acquisition Sub, subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained in this Agreement in favor of Parent and Acquisition Sub, to deposit with the Depositary on the Closing Date, prior to filing the Articles of Arrangement with the Registrar, immediately available funds equal to the aggregate Consideration payable pursuant to the Arrangement.

SECTION 1.5 Guarantee of Parent.

Parent hereby unconditionally and irrevocably guarantees the due and punctual performance by Acquisition Sub of each and every obligation of Acquisition Sub arising under this Agreement and the Arrangement, including, without limitation, the due and punctual payment of the Consideration pursuant to the Arrangement.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Acquisition Sub that except as set forth in the disclosure schedule (with specific reference to the Section of this Agreement to which the information stated in such disclosure relates) delivered by the Company to Parent simultaneously with the execution of this Agreement (the "Company Disclosure Schedule") and acknowledges that Parent and Acquisition Sub are relying upon these representations and warranties in connection with the entering into of this Agreement:

SECTION 2.1 <u>Organization, Standing and Corporate Power.</u>

(a) Each of the Company and its active Subsidiaries is a corporation duly incorporated and validly existing under the Laws of the jurisdiction in which it is incorporated and has all requisite corporate power and authority necessary to own or lease all of its properties and assets and to carry on its business as it is now being conducted. Each of the Company and its Subsidiaries is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing, individually or in the aggregate, has not had and could not reasonably be expected to have a Company Material Adverse Effect. For purposes of this Agreement, "Company Material Adverse Effect" shall mean, with respect to the Company any effect on, or change, event, occurrence or state of facts that (i) is materially adverse to the business, capitalization, properties, assets, liabilities (contingent or otherwise), results of operations or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, other than any effect on, or change, event, occurrence or state of facts (u) relating to the economy in general or securities, financial, banking or currency exchange markets, (v) relating to the industry in which the Company and its Subsidiaries operate in general, (w) any change in the trading volume or market price of the Company Common Shares primarily resulting from a change, effect, event, development or occurrence excluded from this definition of Company Material Adverse Effect, (x) any change or development resulting from any act of terrorism or any outbreak of hostilities or war (or any escalation or worsening thereof) or any natural disaster, (y) changes or proposed changes in Laws or interpretations thereof by any Governmental Authority or in accounting rules or (z) the announcement of the entering into of this Agreement or the Arrangement (in each case under (u), (v), (x) and (y)) not specifically relating to (or disproportionately affecting) the business, capitalization, properties, assets, liabilities (contingent or otherwise), results of operations or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, or (ii) would prevent or materially delay or materially impair the ability of the Company to consummate the Arrangement.

(b) Section 2.1(b) of the Company Disclosure Schedule lists all active Subsidiaries of the Company together with the jurisdiction of incorporation of each such Subsidiary. All the outstanding shares or equity interests in each active Subsidiary of the Company have been duly authorized and validly issued and are fully paid and nonassessable and are owned legally and beneficially by the Company, directly or indirectly, free and clear of all liens, pledges, charges, mortgages, encumbrances, adverse rights or claims and security interests of any kind or nature whatsoever (including any restriction on the right to vote or transfer the same, except for such transfer restrictions of general applicability as may be provided under the articles of incorporation (or other comparable organization documents) of each of the active Subsidiaries of the Company or under applicable Laws (collectively, "Liens"). Except as set forth in Section 2.1(b) of the Company Disclosure Schedule, the Company does not own, directly or indirectly, any shares, voting securities or equity interests in any Person.

(c) The Company has made available to Parent correct and complete copies of its articles of incorporation and by-laws (the "Company Charter Documents") and correct and complete copies of the certificates and articles of incorporation, unanimous shareholder agreements and by-laws (or comparable organizational documents) of each of its active Subsidiaries (the "Subsidiary Documents"), in each case as amended to the date of this Agreement. All such Company Charter Documents and Subsidiary Documents are in full force and effect and neither the Company nor any of its Subsidiaries is in violation of any of their respective provisions. Other than as relates to the transactions contemplated by this Agreement, the Company has made available to Parent and its representatives correct and complete copies of the minutes (or, in the case of minutes that have not yet been finalized, drafts thereof) of all meetings of shareholders, the board of directors and each committee of the board of directors of the Company held since January 1, 2004 and each of its active Subsidiaries held since its incorporation.

SECTION 2.2 Capitalization.

(a) The authorized capital of the Company consists of an unlimited number of Company Common Shares. At the close of business on July 18, 2007, 10,206,675 Company Common Shares were issued and outstanding. All outstanding Company Common Shares have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights. Included in Section 2.2(a) of the Company Disclosure Schedule is a correct and complete list, as of July 18, 2007 of all outstanding options or other rights to purchase or receive Company Common Shares granted under the Company Stock Option Plan or otherwise, and, for each such option or other right, the number of Company Common Shares subject thereto, the terms of vesting, the grant and expiration dates and exercise price thereof and the name of the holder thereof. All Options have an exercise price equal to no less than the fair market value of the underlying Company Common Shares on the date of grant. Since August 4, 2005, the Company has not issued any of its shares, voting securities or equity interests, or any securities convertible into or exchangeable or exercisable for any of its shares, voting securities or equity interests, other than pursuant to the outstanding Options referred to above in this Section 2.2(a). Except (A) as set forth above in this Section 2.2(a) or (B) as otherwise expressly permitted by Section 4.2 hereof, as of the date of this Agreement there are not, and as of the Effective Time there will not be, any shares, voting securities or equity interests of the Company issued and outstanding or any subscriptions, options, warrants, calls, convertible or exchangeable securities, rights, commitments or agreements of any character providing for the issuance of any shares, voting securities or equity interests of the Company, including any representing the right to purchase or otherwise receive any Company Common Shares.

(b) None of the Company or any of its Subsidiaries has issued or is bound by any outstanding subscriptions, options, warrants, calls, convertible or exchangeable securities, rights, commitments or agreements of any character providing for the issuance or disposition of any shares, voting securities or equity interests of any Subsidiary of the Company. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares, voting securities or equity interests (or any options, warrants or other rights to acquire any shares, voting securities or equity interests) of the Company or any of its Subsidiaries.

SECTION 2.3 Authority; Noncontravention; Voting Requirements.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining the Company Securityholder Approval and the authorizations, consents and approvals referred to in Section 2.4, to perform its obligations hereunder and to consummate the Arrangement. The execution, delivery and performance by the Company of this Agreement, and the consummation by it of the Arrangement, have been duly authorized and approved by its board of directors, and except for obtaining the Company Securityholder Approval and approval of the Proxy Circular by the board of directors of the Company, no other corporate action on the part of the Company is necessary to authorize the execution, delivery and performance by the Company of this Agreement and the consummation by it of the Arrangement. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws of general application affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity, whether considered in a proceeding at law or in equity (the "Bankruptcy and Equity Exception").

(b) The Company's board of directors, upon consultation with its financial and legal advisors, has unanimously determined that, as of the date hereof, the Consideration under the Arrangement is fair, from a financial point of view, to the Company Shareholders and is in the best interests of the Company, and accordingly, has approved the entering into of this Agreement and the making of a unanimous recommendation that the Company Shareholders vote in favor of the Arrangement Resolution; *provided, however,* that references herein to the unanimous determination and approval of the Company's board of directors shall not include directors who have declared a conflict of interest and have not participated in such determination and approval.

(c) Neither the execution and delivery of this Agreement by the Company nor the consummation by the Company of the transactions contemplated herein, nor compliance by the Company with any of the terms or provisions hereof, will (i) conflict with or violate any provision of the Company Charter Documents or any of the Subsidiary Documents or (ii) assuming that the authorizations, consents and approvals referred to in Section 2.4 and the Company Securityholder Approval are obtained and the filings referred to in Section 2.4 are made, (x) violate any Law, judgment, writ or injunction of any Governmental Authority applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, or (y) violate, conflict with, result in the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of, the Company or any of its Subsidiaries under, any of the terms, conditions or provisions of any loan or credit agreement, debenture, note, bond, mortgage, indenture, deed of trust, license, lease, contract or other agreement, instrument or obligation (each, a "Contract") or Permit, to which the Company or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected except, in the case of clause (y), for such violations, conflicts, losses, defaults, terminations, cancellations, accelerations or Liens as, individually or in the aggregate, could not reasonably be expected to have a Company Material Adverse Effect.

(d) Subject to the Interim Order providing for the holders of Company Common Shares and Options to vote together as a class and not separately, the only vote or approval of the holders of any class or series of shares or other securities of the Company or any of its Subsidiaries which is necessary to approve this Agreement and the Arrangement is the Company Securityholder Approval.

SECTION 2.4 Governmental Approvals.

(a) Except for (i) the filing with the Canadian Securities Regulators of the notice of meeting and accompanying information circular (including all schedules and appendices thereto) relating to the Meeting (as amended or supplemented from time to time, the "Proxy Circular"), and other filings required under, and compliance with other applicable requirements of, Canadian Securities Laws, and the rules of the Toronto Stock Exchange, (ii) any approvals required by the Interim Order; (iii) the Final Order; (iv) filings with the Registrar under the ABCA; and (v) exemptive relief from the Autorité des marchés financiers of the Province of Québec pursuant to Regulation Q-27 no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Arrangement, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, could not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

(b) Neither the Company nor any of its Subsidiaries engage in the production of uranium or own an interest in a uranium producing facility in Canada, provide any financial service or transportation service or engage in any cultural business as defined by the Investment Canada Act and its regulations, as amended.

SECTION 2.5 Company Public Documents; Undisclosed Liabilities.

(a) The Company is a reporting issuer or the equivalent thereof not in default under applicable Canadian Securities Laws in each of the Provinces of Alberta, Ontario and Quebec. The Company has filed all required reports, schedules, forms, certifications, prospectuses, information circulars and other documents with the Canadian Securities Regulators since January 1, 2005 (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, the "Company Public Documents"). Neither the Company nor any of its Subsidiaries is required to file periodic reports with the SEC pursuant to the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder. As of their respective dates of filing with the Canadian Securities Regulators, the Company Public Documents complied in all material respects with the requirements of Canadian Securities Laws applicable to such Company Public Documents, and none of the Company Public Documents as of such respective dates, nor any other communication disseminated by the Company to its securityholders since January 1, 2007 as of their respective dissemination dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. To the Knowledge of the Company, none of the Company Public Documents is the subject of ongoing review or investigation by the Canadian Securities Regulators. The Company has not filed any confidential material change report with any of the Canadian Securities Regulators that at the date hereof remains confidential.

(b) The consolidated financial statements of the Company included in the Company Public Documents comply in all material respects with applicable accounting requirements and the published rules and regulations of the Canadian Securities Regulators with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited quarterly statements, as indicated in the notes thereto) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments, none of which has been individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole).

(c) The Company has established and maintains internal control over financial reporting and disclosure controls and procedures (as such terms are defined under applicable Canadian Securities Laws); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its consolidated Subsidiaries, required to be disclosed by the Company is accumulated and communicated to the Company's chief executive officer and its chief financial officer to allow timely decisions regarding required disclosure; and such disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under applicable Canadian Securities Laws. To the Knowledge of the

Company, prior to the date of this Agreement, (x) there are no significant deficiencies in the design or operation of, or material weakness in, the internal controls which are reasonably likely to adversely affect Parent or Acquisition Sub's ability to record, process, summarize and report financial data, and (y) there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. The chief executive officer and the chief financial officer of the Company have made all certifications required by applicable Canadian Securities Laws with respect to the Company Public Documents, and the statements contained in such certifications were complete and correct at the time they were made.

(d) Neither the Company nor any of its Subsidiaries nor, to the Company's Knowledge, any director, officer, agent, employee or other Person acting on behalf of the Company or any of its Subsidiaries, has, (i) used any corporate or other funds for unlawful contributions, payments, gifts, or entertainment, or made any unlawful expenditures relating to political activity, (ii) made any unlawful payment to foreign or domestic government officials or to foreign or domestic political parties or campaigns or violated any provisions of the Corruption of Foreign Public Officials Act (Canada) or (iii) made any other unlawful payment.

(e) Neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise, whether known or unknown) whether or not required, if known, to be reflected or reserved against on a consolidated balance sheet of the Company prepared in accordance with GAAP or the notes thereto, except liabilities (i) as and to the extent reflected or reserved against on the audited balance sheet of the Company and its Subsidiaries as of June 30, 2006 (the "Balance Sheet Date") (including the notes thereto) included in the Company Public Documents filed by the Company and publicly available prior to the date of this Agreement, or (ii) incurred after the Balance Sheet Date in the ordinary course of business consistent with past practice that, individually or in the aggregate, have not had and could not reasonably be expected to have a Company Material Adverse Effect.

(f) Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand) where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company's or such Subsidiary's published financial statements or any Company Public Documents.

SECTION 2.6 Absence of Certain Changes or Events.

Since the Balance Sheet Date there have not been any events, changes, occurrences or state of facts that, individually or in the aggregate, have had or could reasonably be expected to have a Company Material Adverse Effect. Except as disclosed in the Company Public Documents and Section 2.6 of the Disclosure Letter, (a) since the Balance Sheet Date the Company and its Subsidiaries have carried on and operated their respective businesses in all material respects in the ordinary course of business consistent with past practice, and (b) since March 31, 2007, neither the Company nor any of its Subsidiaries has taken any action described in Section 4.2 hereof that if taken after the date hereof and prior to the Effective Time without the prior written consent of Parent would violate such provision.

SECTION 2.7 Legal Proceedings.

There is no pending or, to the Knowledge of the Company, threatened, legal, administrative, arbitral or other proceeding, claim, suit or action against, or governmental or regulatory investigation of, the Company or any of its Subsidiaries in excess of $1,000,000, nor is there any injunction, order, judgment, ruling or decree imposed (or, to the Knowledge of the Company, threatened to be imposed) upon the Company, any of its Subsidiaries or the assets of the Company or any of its Subsidiaries, by or before any Governmental Authority in excess of $1,000,000.

SECTION 2.8 Compliance With Laws; Permits.

The Company and its Subsidiaries are (and since January 1, 2005 have been) in compliance in all respects with all laws (including common law), statutes, ordinances, codes, rules, regulations, decrees and orders of Governmental Authorities (collectively, "Laws") applicable to the Company or any of its Subsidiaries, any of their properties or other assets or any of their businesses or operations, other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company and each of its Subsidiaries hold all licenses, franchises, permits, certificates, approvals and authorizations from Governmental Authorities, or required by Governmental Authorities to be obtained, in each case necessary for the lawful conduct of their respective businesses (collectively, "Permits"), except for where failure to do so would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company and its Subsidiaries are (and since January 1, 2005 have been) in compliance in all respects with the terms of all Permits, other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Since January 1, 2005, neither the Company nor any of its Subsidiaries has received written notice to the effect that a Governmental Authority (a) claimed or alleged that the Company or any of its Subsidiaries was not in compliance in all material respects with all Laws applicable to the Company or any of its Subsidiaries, any of their properties or other assets or any of their businesses or operations or (b) was considering the amendment, termination, revocation or cancellation of any Permit. The consummation of the Arrangement, in and of itself, will not cause the revocation or cancellation of any Permit.

SECTION 2.9 Information in Proxy Circular.

The Proxy Circular and any other document filed with the Canadian Securities Regulators by the Company in connection with the Arrangement or any amendment thereto, at the date first mailed to the Company Shareholders, at the time of the Meeting and at the time filed with the Canadian Securities Regulators, as the case may be, will comply in all material respects with applicable requirements under Canadian Securities Laws, the ABCA and other applicable Laws, and will not as of the date of such Proxy Circular contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

provided, however, that no representation is made by the Company with respect to statements made therein based on information supplied in writing by Parent or Acquisition Sub specifically for inclusion in such documents.

SECTION 2.10 Tax Matters.

(a) Each of the Company and its Subsidiaries has timely filed, or has caused to be timely filed on its behalf (taking into account any extension of time within which to file), all material Tax Returns required to be filed by or with respect to it, and all such filed Tax Returns are correct and complete in all material respects. All Taxes required to be paid by or with respect to the Company or any of its Subsidiaries have been timely paid.

(b) Neither the Company nor its Subsidiaries have requested, entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which (i) it is required to pay or remit any Taxes or amounts on account of Taxes or (ii) any Governmental Authority may assess or collect Taxes. Neither the Company nor its Subsidiaries has entered into any agreement with, or provided any undertaking to, any Person pursuant to which it has assumed liability for the payment of Taxes owing by such Person. Neither the Company nor a Subsidiary has ever been required to file any Tax Return with, or has ever been liable to pay any Taxes to, any Governmental Authority outside Canada. No request to file a Tax Return has ever been made by a Governmental Authority in a jurisdiction where the Company does not file Tax Returns.

(c) The most recent financial statements contained in the Company Public Documents reflect an adequate accrual determined in accordance with GAAP for all Taxes payable by the Company and its Subsidiaries for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to Taxes has been proposed, asserted or assessed against the Company or any of its Subsidiaries.

(d) The Canadian federal income Tax Returns and provincial Tax Returns of the Company and each of its Subsidiaries have been assessed for all years through 2006. All liabilities for Taxes arising as a result of such assessments have been paid in full.

(e) No audit or other administrative or court proceedings are pending or to the Knowledge of the Company threatened, with any Governmental Authority with respect to Taxes of the Company or any of its Subsidiaries and no written notice thereof has been received.

(f) The Company has made available to Parent correct and complete copies of (i) all income, franchise and goods and services Tax Returns of the Company and its Subsidiaries for the preceding three taxable years and (ii) any audit report issued within the last three years (or otherwise with respect to any audit or proceeding in progress) relating to income and franchise Taxes of the Company or any of its Subsidiaries.

(g) For purposes of this Agreement: (x) "Taxes" shall mean (A) all federal, state, provincial, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, good and services, harmonized sales, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, (B) all interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority in connection with any item described in clause (A), and (C) any liability in respect of any items described in clauses (A) and/or (B) payable by reason of contract, assumption, transferee liability, operation of Law, derivative, joint and several or secondary liability or otherwise, and (y) "Tax Returns" shall mean any return, report, claim for refund, estimate, information return or statement or other similar document relating to or required to be filed with any Governmental Authority with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

SECTION 2.11 Employee Benefits and Labor Matters.

(a) Section 2.11(a) of the Company Disclosure Schedule contains a true and complete list of each employee benefit plan, program, agreement or arrangement, including, without limitation, multiemployer and multi-unit plans, stock purchase, stock option (including the Company Stock Option Plan), stock purchase, equity or equity-based compensation, severance, employment, change-in-control, hospitalization or medical benefit, life or other insurance, dental, disability, salary continuation, sick leave, vacation, supplemental unemployment benefit, profit sharing, bonus, incentive, deferred compensation, mortgage assistance, educational assistance, savings, pension, supplemental pension, retiree welfare, retention and all other employee benefit plans, agreements, programs, policies or other arrangements, all payroll practices including employment, consulting or other compensation agreements, whether or not subject to applicable Law (including any funding mechanism therefor now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise), whether or not insured or funded, whether formal or informal, oral or written, legally binding or not, under which any current or former employee, director or consultant of the Company or any of its Subsidiaries has any present or future right to benefits and under which the Company or any of its Subsidiaries has any present or future liability, but excluding any statutory benefit plans which the Company or any of its Subsidiaries are required to participate in or comply with, including the Canada and Quebec Pension Plans and plans administered pursuant to applicable health tax, workplace safety insurance and employment insurance legislation. All such plans, agreements, programs, policies and arrangements shall be collectively referred to as the "Company Plans". Section 2.11(a) of the Company Disclosure Schedule also identifies each of the Company Plans that is a "registered pension plan" within the meaning of the Income Tax Act (Canada) (collectively the "Pension Plans") and each of the Company Plans that is a multiemployer or multi-unit plan within the meanings of those terms in the applicable provincial pension benefits legislation (collectively the "Multiemployer Plans"). With respect to each Company Plan, the Company has made available to Parent a current, accurate and complete copy (or, to the extent no such copy exists, an accurate written description) thereof and, to the extent applicable: (i) any related trust agreement, insurance contract or other funding instrument; (ii) the most recent letter of confirmation of registration of each Pension Plan pursuant to applicable provincial pension Law and the Income Tax Act (Canada); (iii) any summary plan description and other written communications (or a written description of any oral communications) by the Company or any of its Subsidiaries to their employees concerning the provision or extent of the benefits provided under any Company Plan; (iv) a summary of any proposed amendments or changes anticipated to be made to the Company Plans at any time within the twelve months immediately following the date hereof; (v) for the three most recent years (A) the annual information return filed in respect of each Pension Plan with any applicable Governmental Authority; (B) audited financial statements; and (C) actuarial valuation reports; and (vi) written summaries of all non-written Company Plans.

(b) (i) each Company Plan has been established and administered in accordance with its terms and in compliance with the applicable provisions of the Income Tax Act (Canada) and other applicable Canadian federal and provincial Laws, other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect; (ii) each Company Plan which is a Pension Plan is duly registered and in good standing under the Income Tax Act (Canada) and applicable provincial pension benefits Laws and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such registration and (iii) for each Company Plan which is a Pension Plan, all contributions required to the date hereof in order for such Pension Plan to comply with minimum funding standards imposed by federal or provincial statutory and regulatory requirements have been made or properly accrued; (iv) no Company Plan provides post-retirement benefits (other than pension benefits) or retiree welfare benefits and neither the Company nor any of its Subsidiaries have any obligation to provide any such benefits;

(c) As of the Effective Date, each Company Plan, other than a Multiemployer Plan, has assets at least equal in value to the present value of the accrued benefits (vested and unvested) of the participants in such Company Plan on both a solvency and going concern basis, based on the actuarial methods and assumptions indicated in the most recent applicable actuarial valuation reports. With respect to each Company Plan that is not a Pension Plan, as of the Effective Date the Company or its Subsidiaries as applicable shall have either fully funded such Company Plan, where required, through a trust or other funding vehicle or made appropriate provision for its liability thereunder in the financial statements of the Company or any such Subsidiary.

(d) With respect to any Multiemployer Plan to which the Company or its Subsidiaries has any liability or contributes (or has at any time contributed or had an obligation to contribute) (i) none of the Company or its Subsidiaries would be subject to additional liability if, as of the Effective Date, the Company or its Subsidiaries were to withdraw from any such Multiemployer Plan; and (ii) the only obligation of the Company or its Subsidiaries to each such Multiemployer Plan is to make the required employer contributions set forth in the collective agreement to which the Company or its Subsidiaries is a party and pursuant to which the Company or its Subsidiaries became a participating employer in such Multiemployer Plan.

(e) With respect to any Company Plan, (i) no actions, suits or claims (other than routine claims for benefits in the ordinary course) are pending or, to the Knowledge of the Company, threatened, and (ii) no facts or circumstances exist that could reasonably be expected to give rise to any such actions, suits or claims.

(f) (i) No Company Plan exists that could (x) result in the payment to any present or former employee or director of the Company or any of its Subsidiaries of any money or other property or (y) accelerate or provide any other rights or benefits to any present or former employee or director of the Company or any of its Subsidiaries, in any such case, as a direct result of the transaction contemplated by this Agreement (either alone or in connection with a subsequent event), and (ii) there is no contract, plan or arrangement (written or otherwise) covering any employee or former employee of the Company or any of its Subsidiaries that, individually or collectively, could give rise to the payment of any amount, other than in connection with or pursuant to the Arrangement, that would not be deductible pursuant to the terms of the Income Tax Act (Canada).

(g) Any individual who performs services for the Company or any of its Subsidiaries (other than through a contract with an organization other than such individual) and who is not treated as an employee of the Company or any of its Subsidiaries for income tax, withholding and remittances purposes by the Company is not an employee for such purposes. All contracts, whether written, oral or otherwise, in respect of such individuals have been disclosed at Section 2.11(g) of the Company Disclosure Schedule.

(h) Section 2.11(h) of the Company Disclosure Schedule contains a true and complete list of all non-union employees, including their current title or position, hourly wage or salary, and all other terms and conditions of employment of each employee. Section 2.11(h) contains the maximum number of union employees utilized by the Company and the maximum hourly wage of any one such union employee. Except as disclosed at Section 2.11(h) of the Company Disclosure Schedule, no employee is on short-term disability leave, long-term disability leave, receiving benefits pursuant to workers' compensation Laws, or is on a leave of absence pursuant to employment standards Laws.

(i) Except as disclosed at Section 2.11(i) of the Company Disclosure Schedule, there are no written contracts of employment for any of the non-unionized employees. Except as disclosed at Section 2.11(i) of the Company Disclosure Schedule, all contracts of employment, whether written or oral, of the non-unionized employees are terminable on providing reasonable notice in accordance with applicable Law.

(j) Except as disclosed at Section 2.11(j) of the Company Disclosure Schedule, none of the employees of the Company or its Subsidiaries is represented in his or her capacity as an employee of the Company or any of its Subsidiaries by any labor organization. Except as disclosed at Section 2.11(j) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has recognized any labor organization, nor has any labor organization been elected as the collective bargaining agent of any employees, nor has the Company or any of its Subsidiaries entered into any collective bargaining agreement or union contract recognizing any labor organization as the bargaining agent of any employees. To the Knowledge of the Company there is no union organization activity involving any of the employees of the Company or any of its Subsidiaries pending or threatened, and except as disclosed at Section 2.11(j) of the Company Disclosure Schedule, there never has been union representation involving any of the employees of the Company or any of its Subsidiaries. To the Knowledge of the Company there is no picketing pending or threatened, and there are no strikes, slowdowns, work stoppages, other job actions, lockouts, arbitrations, grievances or other labor disputes involving any of the employees of the Company or any of its Subsidiaries pending or, to the Knowledge of the Company, threatened.

(k) There are no grievances, complaints, charges, actions or claims against the Company or any of its Subsidiaries pending or, to the Knowledge of the Company, threatened that could be brought or filed with any Governmental Authority based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment or failure to employ by the Company or any of its Subsidiaries, of any individual, including any union or non-union employee, which, in each case, individually or in the aggregate would have a Company Material Adverse Effect. The Company and its Subsidiaries are in compliance, and have always been in compliance, with all Laws relating to employment, including all Laws relating to human rights, occupational health and safety, workers' compensation, pay equity, employment equity, employment standards (including wages, hours of work, overtime, vacation, public holidays, and leaves of absences), labor relations (including collective bargaining), and the collection and/or payment of withholdings and/or remittances, except for immaterial non-compliance.

SECTION 2.12 Environmental Matters.

(a) Except for those matters that have not resulted and could not reasonably be expected to result in the Company or any of its Subsidiaries incurring Environmental Liabilities individually or in the aggregate in excess of $1 million, (A) each of the Company and its Subsidiaries is, and has been, in compliance with all applicable Environmental Laws, (B) there is no investigation, suit, claim, action, charge, order or proceeding relating to or arising under Environmental Laws that is pending or, to the Knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries or any real property currently or, to the Knowledge of the Company, formerly owned by, operated by, leased by, or under the charge, management or control of the Company or any of its Subsidiaries, (C) neither the Company nor any of its Subsidiaries has received any notice of or entered into or assumed by Contract or operation of Law or otherwise, any obligation, liability, order, settlement, judgment, injunction or decree relating to or arising under Environmental Laws, and (D) no facts, circumstances or conditions exist with respect to the Company or any of its Subsidiaries or any property currently (or, to the Knowledge of the Company, formerly) owned by, operated by, leased by, or under the charge, management or control of the Company or any of its Subsidiaries or any property to or at which the Company or any of its Subsidiaries transported or arranged for the disposal or treatment of Hazardous Materials that could reasonably be expected to result in the Company and its Subsidiaries incurring Environmental Liabilities. The matters set forth in Section 2.12(a) of the Company Disclosure Schedule, individually or in the aggregate, have not had and could not reasonably be expected to have a Company Material Adverse Effect.

(b) For purposes of this Agreement:

(i) "Environmental Laws" means all Laws relating in any way to the environment, preservation or reclamation of natural resources, the presence, management or Release of, or exposure to, Hazardous Materials, or to human health and safety, including without limitation the Environmental Protection and Enhancement Act (Alberta), the Occupational Health and Safety Act (Alberta), the Environmental Management and Protection Act, 2002 (Saskatchewan), the Occupational Health & Safety Act, 1993 (Saskatchewan), the Fisheries Act (Canada), the Transportation of Dangerous Goods Act (Canada), and the Canadian Environmental Protection Act (Canada), as each has been amended and the regulations promulgated pursuant thereto.

(ii) "Environmental Liabilities" means, with respect to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages (direct and indirect), punitive damages, consequential damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person or in response to any violation of Environmental Law, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, to the extent based upon, related to, or arising under or pursuant to any Environmental Law, environmental Permit, order or agreement with any Governmental Authority or other Person, which relates to any environmental, health or safety condition, violation of Environmental Law or a Release or threatened Release of Hazardous Materials.

(iii) "Hazardous Materials" means any material, substance or waste that is regulated, classified, or otherwise characterized under or pursuant to any Environmental Law as "hazardous", "toxic" a "pollutant", a "contaminant", a "deleterious substance", "dangerous goods", a material, substance or waste capable of causing an "adverse effect", "radioactive" or words of similar meaning or effect, including petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, mold, urea formaldehyde insulation, chlorofluorocarbons and all other ozone-depleting substances.

(iv) "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing of or migrating into or through the environment or any natural or man-made structure, or the causing or permitting of same.

SECTION 2.13 Contracts.

(a) Subject to any confidentiality provisions contained therein which prohibit the disclosure of such document in its entirety, set forth in Section 2.13(a) of the Company Disclosure Schedule is a list of (i) each Contract that would be required to be filed under applicable Canadian Securities Laws, and (ii) each of the following to which the Company or any of its Subsidiaries is a party: (A) Contract that purports to limit, curtail or restrict the ability of the Company or any of its existing or future Subsidiaries or Affiliates to compete in any geographic area or line of business or restrict the Persons to whom the Company or any of its existing or future Subsidiaries or Affiliates may sell products or deliver services, (B) partnership or joint venture agreement, (C) Contract for the acquisition, sale or lease of material properties or assets (by merger, purchase or sale of shares or assets or otherwise) entered into since January 1, 2005, (D) Contract with any (x) Governmental Authority or (y) director or officer of the Company or any of its Subsidiaries or any Affiliate of the Company, (E) loan or credit agreement, mortgage, indenture, note or other Contract or instrument evidencing indebtedness for borrowed money by the Company or any of its Subsidiaries or any Contract or instrument pursuant to which indebtedness for borrowed money may be incurred or is guaranteed by the Company or any of its Subsidiaries, (F) financial derivatives master agreement or confirmation, or futures account opening agreements and/or brokerage statements, evidencing financial or currency hedging or similar trading activities, (G) voting agreement or registration rights agreement, (H) mortgage, pledge, security agreement, deed of trust or other Contract granting a Lien on any material property or assets of the Company or any of its Subsidiaries, (I) customer, client or supply Contract that involves consideration in fiscal year 2007 in excess of $1 million or that is reasonably likely to involve consideration in fiscal year 2008 or fiscal year 2009 in excess of $1 million, (J) Contract (other than customer, client or supply Contracts) that involve consideration (whether or not measured in cash) of greater than $1 million, (K) collective bargaining agreement, (L) "standstill" or similar agreement, (M) Contract that restricts or otherwise limits the payment of dividends or other distributions on equity securities, (N) to the extent material to the business or financial condition of the Company and its Subsidiaries, taken as a whole, (1) lease or rental Contract, (2) product design or development Contract, (3) consulting Contract, (4) indemnification Contract, (5) license or royalty Contract, (6) merchandising, sales representative or distribution Contract or (7) Contract granting a right of first refusal or first negotiation, and (O) commitment or agreement to enter into any of the foregoing (the Contracts and other documents required to be listed on Section 2.13(a) of the Company Disclosure Schedule, together with any and all other Contracts of such type entered into in accordance with Section 4.2, each a "Material Contract"). Subject to any confidentiality provisions contained therein which prohibit the disclosure of such document in its entirety, and subject to redaction in respect of any particular provisions expressed to be confidential, the Company has heretofore made available to Parent correct and complete copies of each Material Contract in existence as of the date hereof, together with any and all amendments and supplements thereto and material "side letters" and similar documentation relating thereto.

(b) Each of the Material Contracts is valid, binding and in full force and effect and is enforceable in accordance with its terms by the Company and its Subsidiaries party thereto, subject to the Bankruptcy and Equity Exception. Except as separately identified in Section 2.13(b) of the Company Disclosure Schedule, no approval, consent or waiver of any Person is needed in order that any Material Contract continue in full force and effect following the consummation of the Arrangement. Neither the Company nor any of its Subsidiaries is in default under any Material Contract or other Contract to which the Company or any of its Subsidiaries is a party (collectively, the "Company Contracts"), nor does any condition exist that, with notice or lapse of time or both, would constitute a default thereunder by the Company and its Subsidiaries party thereto, except for such defaults as, individually or in the aggregate, have not had and could not reasonably be expected to have a Company Material Adverse Effect. To the Knowledge of the Company, no other party to any Contract is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute a default by any such other party thereunder, except for such defaults as, individually or in the aggregate, have not had and could not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any notice of termination or cancellation under any Material Contract, received any notice of breach or default in any material respect under any Material Contract which breach has not been cured, or granted to any third party any rights, adverse or otherwise, that would constitute a breach of any Material Contract.

SECTION 2.14 Title to Properties.

Each of the Company and its Subsidiaries (i) has good and valid title to all properties and other assets which are reflected on the most recent consolidated balance sheet of the Company included in the Company Public Documents and in the books and records of the Company and its Subsidiaries as being owned by the Company or one of its Subsidiaries (or acquired after the date thereof) and which are, individually or in the aggregate, material to the Company's business or financial condition on a consolidated basis (except properties sold or otherwise disposed of since the date thereof in the ordinary course of business consistent with past practice and not in violation of this Agreement), free and clear of all Liens except (x) statutory Liens securing payments not yet due, (y) security interests, mortgages and pledges that are disclosed in the Company Public Documents that secure indebtedness that is reflected in the most recent consolidated financial statements of the Company included in the Company Public Documents and (z) such other imperfections or irregularities of title or other Liens in each case that, individually or in the aggregate, do not and could not reasonably be expected to materially affect the use of the properties or assets subject thereto or otherwise materially impair business operations as presently conducted or as currently proposed by the Company's management to be conducted, and (ii) is the lessee or sublessee of all leasehold estates and leasehold interests reflected in the Company Public Documents (or acquired after the date thereof) which are, individually or in the aggregate, material to the Company's business or financial condition on a consolidated basis (other than any such leaseholds whose scheduled terms have expired subsequent to the date of such Company Public Documents). Each of the Company and its Subsidiaries enjoys peaceful and undisturbed possession under all such leases in all material respects.

SECTION 2.15 Receivables.

All existing accounts receivable of the Company and its Subsidiaries (including those accounts receivable reflected on the most recent consolidated balance sheet of the Company included in the Company Public Documents that have not yet been collected and those accounts receivable that have arisen since March 31, 2007 and have not yet been collected) (a) represent valid obligations of customers of the Company and its Subsidiaries arising from bona fide transactions entered into in the ordinary course of business, and (b) will be collected in full, without any counterclaim or set off (net of an allowance for doubtful accounts not to exceed $250,000 in the aggregate).

SECTION 2.16 Intellectual Property.

(a) For purposes of this Agreement:

(i) "Company Intellectual Property" means all Intellectual Property Rights used in or necessary for the conduct of the business of the Company or any of its Subsidiaries, or owned or held for use by the Company or any of its Subsidiaries.

(ii) "Company Technology" means all Technology used in or necessary for the conduct of the business of the Company or any of its Subsidiaries, or owned or held for use by the Company or any of its Subsidiaries.

(iii) "Intellectual Property Rights" shall mean all of the rights arising from or in respect of the following, whether protected, created or arising under the Laws of Canada: (A) patents, patent applications, any reissues, reexaminations, divisionals, continuations, continuations-in-part and extensions thereof (collectively, "Patents"); (B) trademarks, service marks, trade names (whether registered or unregistered), service names, industrial designs, brand names, brand marks, trade dress rights, Internet domain names, identifying symbols, logos, emblems, signs or insignia, and including all goodwill associated with the foregoing (collectively, "Marks"); (C) copyrights, whether registered or unregistered (including copyrights in computer software programs), mask work rights and registrations and applications therefor (collectively, "Copyrights"); (D) confidential and proprietary information, or non-public processes, designs, specifications, technology, know-how, techniques, formulas, inventions, concepts, trade secrets, discoveries, ideas and technical data and information, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents (collectively, "Trade Secrets"); and (E) all applications, registrations and permits related to any of the foregoing clauses (A) through (D).

(iv) "Publicly Available Software" means any open source or free Software (including any Software licensed pursuant to a GNU public license) or other Software that requires as a condition of use, modification or distribution that other Software incorporated into, derived from or distributed with such Software (a) be disclosed or distributed in source code form, (b) be licensed for the purpose of making derivative works or (c) be redistributable at no charge.

(v) "Software" means computer programs, including any and all software implementations of algorithms, models and methodologies whether in source code, object code or other form, databases and compilations, including any and all data and collections of data, descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and all documentation, including user manuals and training materials related to any of the foregoing.

(vi) "Technology" means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, Software (whether in source code, object code or human readable form), databases and data collections, Internet websites and web content, tools, inventions (whether patentable or unpatentable and whether or not reduced to practice), invention disclosures, developments, creations, improvements, works of authorship, computer systems, other similar materials and all recordings, graphs, drawings, reports, analyses, other writings and any other embodiment of the above, in any form or media, whether or not specifically listed herein, and all related technology, documentation and other materials used in, incorporated in, embodied in or displayed by any of the foregoing, or used or useful in the design, development, reproduction, maintenance or modification of any of the foregoing.

(b) Section 2.16(b) of the Company Disclosure Schedule sets forth an accurate and complete list of all Patents, registered Marks, pending applications for registrations of any Marks and any unregistered Marks, registered Copyrights and pending applications for registration of any Copyrights owned or filed by the Company or any of its Subsidiaries. Section 2.16(b) of the Company Disclosure Schedule lists the jurisdictions in which each such Intellectual Property right has been issued or registered or in which any application for such issuance and registration has been filed, other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company and its Subsidiaries have valid registrations for each of the domain names set forth in Section 2.16(b) of the Company Disclosure Schedule and there are no other domain names which are or have been used in the conduct of the business by the Company and its Subsidiaries. The registration of each such domain name is free and clear of all Liens and is in full force and effect and in material compliance with all applicable domain name registration requirements. The Company and its Subsidiaries have paid all fees and have adhered to and complied with all material administrative policies required to maintain each registration. Neither the Company's, nor its Subsidiaries' registrations or uses of the domain names have been materially disturbed or placed "on hold" and neither the Company, nor its Subsidiaries have received written notice of any claim asserted against the Company or its Subsidiaries adverse to its rights to such domain names.

(c) The Company and/or one of its Subsidiaries is the sole and exclusive owner of, or has valid and continuing rights (subject to the terms and conditions of the subject license agreements) to use, sell and license, all of the Company Intellectual Property and Company Technology, other than non-compliance or violations which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. To the knowledge of the Company, the use, practice or other commercial exploitation of the Company Intellectual Property by the Company or any of its Subsidiaries and the manufacturing, licensing, marketing, importation, offer for sale, sale or use of the Company Technology, and the operation of the Company's and its Subsidiaries' businesses do not infringe, constitute an unauthorized use of or misappropriate any Intellectual Property Rights of any third Person, except for where any such infringement would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to or the subject of any pending or, to the Knowledge of the Company, threatened suit, action, investigation or proceeding which involves a claim (i) against the Company or any of its Subsidiaries, of infringement, unauthorized use, or violation of any Intellectual Property Rights of any Person, or challenging the ownership, use, validity or enforceability of any Company Intellectual Property or (ii) contesting the right of the Company or any of its Subsidiaries to use, sell, exercise, license, transfer or dispose of any Company Intellectual Property or Company Technology, or any products, processes or materials covered thereby in any manner. The Company has not received written notice of any such threatened claim.

(d) To the Knowledge of the Company, no Person (including employees and former employees of the Company or any of its Subsidiaries) is infringing, violating, misappropriating or otherwise misusing any Company Intellectual Property, other than where such activity which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, and neither the Company nor any of its Subsidiaries has made any such claims against any Person (including employees and former employees of the Company or any of its Subsidiaries).

(e) No Trade Secret or any other non-public, proprietary information material to the businesses of the Company or any of its Subsidiaries as presently conducted has been authorized to be disclosed or has been actually disclosed by the Company or any of its Subsidiaries to any employee or any third Person other than pursuant to a confidentiality or non-disclosure agreement restricting the disclosure and use of the Company Intellectual Property or Company Technology. The Company and its Subsidiaries have taken all reasonably necessary and appropriate steps to protect and preserve the confidentiality of all Trade Secrets and any other confidential information of the Company or its Subsidiaries, other than where such activity which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(f) The Company and its Subsidiaries own, (i) lease or license all Software, hardware, computer equipment and other information technology (collectively, "Computer Systems") that are necessary for the operations of the Company's and its Subsidiaries' businesses, (ii) the Computer Systems used by the Company and its Subsidiaries have functioned consistently and accurately since being installed, (iii) the data storage and transmittal capability, functionality and performance of each item of the Computer Systems and the Computer Systems as a whole are wholly satisfactory for the Company's and its Subsidiaries' businesses, (iv) the Computer Systems have not failed to any material extent and the data which they process has not been corrupted, (v) the Company and its Subsidiaries have taken all reasonable steps in accordance with industry standards to preserve the availability, security and integrity of the Computer Systems and the data and information stored on the Computer Systems, (vi) the Company and its Subsidiaries maintain comprehensive and clear documentation regarding all Computer Systems, their methods of operation, and their support and maintenance, and (vii) the Computer Systems are adequate for the operation of the Company's and its Subsidiaries' businesses as currently conducted, taken as a whole, except, in each case, for where failure to do so would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect .

SECTION 2.17 Insurance, Claims and Warranties.

(a) Section 2.17(a) of the Company Disclosure Schedule sets forth a correct and complete list of all insurance policies (including information on the premiums payable in connection therewith and the scope and amount of the coverage provided thereunder) maintained by the Company or any of its Subsidiaries (the "Policies"). The Policies (i) have been issued by insurers which, to the Knowledge of the Company, are reputable and financially sound, (ii) provide coverage for the operations conducted by the Company and its Subsidiaries of a scope and coverage consistent with customary practice in the industries in which the Company and its Subsidiaries operate and (iii) are in full force and effect. No material claims have been made under the Policies since June 30, 2006 and there is no claim pending under any of the Policies as to which coverage has been questioned, denied or disputed by the insurers of the Policies. All premiums payable under the Policies have been paid and neither the Company nor any of its Subsidiaries is in material breach or default, and neither the Company nor any of its Subsidiaries have taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification, of any of the Policies. No notice of cancellation or termination has been received by the Company with respect to any of the Policies. The consummation of the Arrangement will not, in and of itself, cause the revocation, cancellation or termination of any Policy.

(b) Section 2.17(b) of the Company Disclosure Schedule sets forth, as of the date of this Agreement, a correct and complete list and summary description of all claims, duties, responsibilities, liabilities or obligations arising since January 1, 2005 from, or alleged to arise from, any injury to any Person (including current and former employees) or property as a result of the manufacture, sale, ownership, possession or use of any product of the Company or any of its Subsidiaries. All such existing claims are or will be fully covered by product liability insurance. No circumstances exist affecting the safety of the products of the Company or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Company Material Adverse Effect.

(c) Section 2.17(c) of the Company Disclosure Schedule contains a correct and complete statement of all warranties, warranty policies, service agreements and maintenance agreements of the Company and any of its Subsidiaries in effect as of the date of this Agreement that provide for warranty coverage for a period in excess of twelve months. All products of each of the Company and its Subsidiaries manufactured, processed, assembled, distributed, shipped or sold and any services rendered in the conduct of the business of the Company or any of its Subsidiaries have been in conformity with all applicable contractual commitments and all express or implied warranties, except where the failure to be in conformity, individually or in the aggregate, has not had and could not reasonably be expected to have a Company Material Adverse Effect. All warranties of each of the Company and its Subsidiaries are in conformity with the labeling and other requirements of applicable Laws, except where any failure to be in conformity, individually or in the aggregate, has not had and could not reasonably be expected to have a Company Material Adverse Effect.

SECTION 2.18 Opinion of Financial Advisor.

The board of directors of the Company has received the oral opinion of Raymond James Ltd. ("RJL"), dated the date of this Agreement, to the effect that, as of the date hereof, the Consideration under the Arrangement is fair, from a financial point of view, to the Company Shareholders (the "Fairness Opinion"). The Company has been authorized by RJL, subject to the terms and conditions stated in the engagement letter with RJL, to permit the inclusion of the written Fairness Opinion and references thereto in the Proxy Circular, subject to prior review and consent by RJL (such consent not to be unreasonably withheld or delayed).

SECTION 2.19 Brokers and Other Advisors.

Except as set forth in Section 2.19 of the Company Disclosure Schedule, the fees and expenses of which will be paid by the Company, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, in connection with the transactions contemplated hereunder based upon arrangements made by or on behalf of the Company or any of its Subsidiaries. The Company has made available to Parent a correct and complete copy of any agreement in respect of such arrangements.

SECTION 2.20 Shareholder Rights Plan.

The Company has no shareholder rights plan or similar plan contemplated to be put in place by the Company.

SECTION 2.21 Related Party Transactions.

Neither the Company nor any of its Subsidiaries is indebted to any director, officer, employee, agent, consultant or independent contractor of the Company or any of its Subsidiaries (except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses). Other than as disclosed in the Company Public Documents, no director, officer, employee, agent, consultant or independent contractor of the Company or any of its Subsidiaries is a party to any loan, contract, arrangement or understanding or other transactions with the Company or any of its Subsidiaries required to be disclosed pursuant to applicable Canadian Securities Laws.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES
OF PARENT AND ACQUISITION SUB

Parent and Acquisition Sub jointly and severally represent and warrant to the Company and each acknowledge that the Company is relying upon these representations and warranties in connection with the entering into of this Agreement:

SECTION 3.1 Organization, Standing and Corporate Power.

Each of Parent and Acquisition Sub is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction in which it is incorporated.

SECTION 3.2 Authority; Noncontravention.

(a) Each of Parent and Acquisition Sub has all necessary corporate power and authority to execute and deliver this Agreement and to perform their respective obligations hereunder and to consummate the Arrangement. The execution, delivery and performance by Parent and Acquisition Sub of this Agreement, and the consummation by Parent and Acquisition Sub of the Arrangement, have been duly authorized and approved by their respective boards of directors and no other corporate action on the part of Parent and Acquisition Sub is necessary to authorize the execution, delivery and performance by Parent and Acquisition Sub of this Agreement and the consummation by them of the transactions contemplated hereunder. This Agreement has been duly executed and delivered by Parent and Acquisition Sub and, assuming due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of each of Parent and Acquisition Sub, enforceable against each of them in accordance with its terms, subject to the Bankruptcy and Equity Exception.

(b) Neither the execution and delivery of this Agreement by Parent and Acquisition Sub, nor the consummation by Parent or Acquisition Sub of the Arrangement, nor compliance by Parent or Acquisition Sub with any of the terms or provisions hereof, will (i) conflict with or violate any provision of the certificate or articles of incorporation or by-laws of Parent or Acquisition Sub or (ii) assuming that the authorizations, consents and approvals referred to in Section 3.3 are obtained and the filings referred to in Section 3.3 are made, (x) violate any Law, judgment, writ or injunction of any Governmental Authority applicable to Parent or any of its Subsidiaries or any of their respective properties or assets, or (y) violate, conflict with, result in the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of, Parent or Acquisition Sub or any of their respective Subsidiaries under, any of the terms, conditions or provisions of any Contract to which Parent, Acquisition Sub or any of their respective Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected except, in the case of clauses (x) and (y), for such violations, conflicts, losses, defaults, terminations, cancellations, accelerations or Liens as, individually or in the aggregate, could not reasonably be expected to prevent or materially delay or materially impair the ability of Parent or Acquisition Sub to consummate the Arrangement (a "Parent Material Adverse Effect").

SECTION 3.3 Governmental Approvals.

Except for (i) any approval required by the Interim Order, (ii) the Final Order, and (iii) filings with the Registrar under the ABCA, no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the execution, delivery and performance of this Agreement by Parent and Acquisition Sub or the consummation by Parent and Acquisition Sub of the Arrangement, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, could not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

SECTION 3.4 Ownership and Operations of Acquisition Sub.

Parent owns beneficially and indirectly of record all of the outstanding shares of Acquisition Sub. Acquisition Sub was formed solely for the purpose of carrying out the transactions contemplated hereunder, has engaged in no other business activities and has conducted its operations only as contemplated hereby.

SECTION 3.5 Financing.

(a) Parent has delivered to the Company true and complete copies of a debt commitment letter from Bank of America, N.A., Banc of America Securities LLC, JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc. to Parent dated July 20, 2007 (the "Debt Commitment Letter") and an equity commitment letter from Lindsay Goldberg & Bessemer II L.P. to Parent dated July 22, 2007 (the "Financing Agreements"), which, subject to the terms thereof, provide for financing (the "Financing") sufficient to permit Parent to fund Acquisition Sub to pay the Consideration payable pursuant to the Arrangement.

(b) As of the date hereof, none of the Financing Agreements has been withdrawn and Parent does not know of any facts or circumstances that may reasonably be expected to result in any of the conditions set forth in the Financing Agreements to not be satisfied. Except for the conditions expressly provided in the Financing Agreements, there are no other conditions precedent to the Financing.

(c) The Financing Agreements have been duly executed and delivered and are in full force and effect and are legal and binding obligations of Parent and, to the knowledge of Parent, the Financing Agreements have been duly executed and delivered and are in full force and effect and are legal and binding obligations of the other parties thereto, subject in each case to the Bankruptcy and Equity Exception.

(d) Parent covenants in favor of the Company to comply with its obligations under the Financing Agreements in order to permit the proceeds thereof to be made available to Acquisition Sub on the Closing Date.

SECTION 3.6 Brokers and Other Advisors.

No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereunder based upon arrangements made by or on behalf of Parent or any of its Subsidiaries.

SECTION 3.7 Competition Act (Canada)

Parent and all of its affiliates (within the meaning of subsection 2(2) of the Competition Act (Canada)) did not have, as of the last day of the period covered by the most recent audited financial statements dated as of December 31, 2006: (a) assets in Canada that, in the aggregate, are greater than C$313,000,000; and (b) revenues from selling or leasing goods and the rendering of services in, from or into Canada that, in the aggregate, are greater than C$314,000,000.

SECTION 3.8 Company Common Shares.

Neither Parent nor Acquisition Sub nor any of their wholly owned Subsidiaries, if any, own any Company Common Shares.

SECTION 3.9 Lock-Up Agreement.

Parent has delivered to the Company a true and complete copy of the Lock-Up Agreement. Neither Parent nor Acquisition Sub will agree to any amendment of, or grant any waiver in respect of, which in either case is material and adverse to the Company, without the prior written consent of the Company.

SECTION 3.10 Collateral Benefits.

Parent has provided to the Company complete details of any "collateral benefits" (within the meaning of Ontario Securities Commission Rule 61-501) provided to any Company Shareholder by Parent, Acquisition Sub, their affiliates or any "joint actors" (within the meaning of securities legislation) in connection with the Arrangement.

SECTION 3.11 Arrangement.

It is not practicable (within the meaning of the ABCA) to consummate the transactions contemplated by the Arrangement other than by plan of arrangement.

SECTION 3.12 Residency.

Acquisition Sub is not a "non-resident" of Canada within the meaning of the Income Tax Act (Canada) and the regulations made thereunder.

ARTICLE 4
ADDITIONAL COVENANTS AND AGREEMENTS

SECTION 4.1 Preparation of the Proxy Circular; Meeting.

(a) As soon as practicable following the date of this Agreement, the Company shall, in consultation with Parent, prepare the Proxy Circular together with any other documents required by applicable Canadian Securities Laws or other applicable Laws (including the ABCA). As soon as practicable following the date of this Agreement, and in any event within six weeks of the date of this Agreement (*provided, however,* that the Company will use commercially reasonable efforts to do so earlier to the extent possible), the Company shall cause the Proxy Circular and any other documents required in connection with the Meeting to be sent to each holder of Company Common Shares and of Options and file the Proxy Circular and any other required documents with the Canadian Securities Regulators, the Toronto Stock Exchange and other Persons as required by the Interim Order and applicable Laws.

(b) The Company shall establish a record date for, duly call, give notice of, convene and hold the Meeting in accordance with the Interim Order, applicable Canadian Securities Laws, the ABCA and other applicable Laws as soon as practicable following the date of this Agreement (but in any event within 30 days from the date of the Interim Order) for the purpose of considering the Arrangement Resolution (and for any other proper purpose as may be acceptable to Parent, acting reasonably, and as may be set out in the notice for the Meeting). The Company shall, at the request of Parent, retain a proxy solicitation firm selected by Parent and Parent agrees to promptly, after presentation of an invoice, reimburse the Company for one-half of the cost thereof and Section 6.3(e) shall apply *mutatis mutandis* to this payment obligation. The Proxy Circular shall include a copy of the Fairness Opinion and (subject to Section 4.3(c) hereof) a description of the Company Board Recommendation. The Company shall, to the extent required by Law, as promptly as practicable, prepare and distribute to its Company Shareholders and holders of Options, and file with the Canadian Securities Regulators, and any other Persons required by the Interim Order and applicable Laws, any supplement or amendment to the Proxy Circular if any event shall occur which requires such action at any time prior to the Meeting.

(c) The Company shall ensure that the Proxy Circular complies with all applicable Laws. The Company shall permit each of Parent and Acquisition Sub and its counsel to review and comment on drafts of the Proxy Circular and other documents referred to above in the course of its preparation and shall consider in good faith Parent's and Acquisition Sub's comments thereon. Each of Parent, Acquisition Sub and the Company shall promptly notify the other parties if at any time before the Effective Time it becomes aware that the Proxy Circular or any application for an order hereunder contains any misstatement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or otherwise requires an amendment or supplement to the Proxy Circular or such application. In any such event, Parent, Acquisition Sub and the Company shall cooperate in the preparation of a supplement or amendment to the Proxy Circular or such other document, as required and as the case may be, and, if required by applicable Law or the Court, shall cause the same to be distributed to Company Shareholders and holders of Options and filed with the Canadian Securities Regulators and other Persons as required by the Interim Order and by applicable Law.

(d) Each of Parent and Acquisition Sub covenants to furnish to the Company, on a timely basis, all information reasonably requested by the Company that may be required under applicable Laws to be contained in the Proxy Circular or any amendment thereto relating to Parent and Acquisition Sub, and each of Parent and Acquisition Sub covenants that all such information furnished to the Company in writing by Parent and Acquisition Sub will as at the date of the Proxy Circular be true and complete in all material respects as of the date thereof and will 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 contained therein not misleading in light of the circumstances in which they are made.

SECTION 4.2 Conduct of Business.

Except as expressly permitted by this Agreement or as required by applicable Law, during the period from the date of this Agreement until the Effective Time, the Company shall, and shall cause each of its Subsidiaries to, (w) conduct its business in the ordinary course consistent with past practice, (x) comply in all material respects with all applicable Laws and the requirements of all Material Contracts, (y) use commercially reasonable efforts to maintain and preserve intact its business organization and the goodwill of those having business relationships with it and to retain the services of its present officers and key employees, and (z) keep in full force and effect all material insurance policies maintained by the Company and its Subsidiaries, other than changes to such policies made in the ordinary course of business. Without limiting the generality of the foregoing, unless Parent should have otherwise consented in writing (such consent not to be unreasonably withheld or delayed) or except as expressly permitted by this Agreement or as required by applicable Law, during the period from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any of its Subsidiaries to:

(a) (i) issue, sell, grant, dispose of, pledge or otherwise encumber its shares, voting securities or equity interests, or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for any of its shares, voting securities or equity interests, or any rights, warrants, options, calls, commitments or any other agreements of any character to purchase or acquire any of its shares, voting securities or equity interests or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for, any of its shares, voting securities or equity interests, *provided* that the Company may issue Company Common Shares upon the exercise of Options previously granted under the Company Stock Option Plan; (ii) redeem, purchase or otherwise acquire any of its outstanding shares, voting securities or equity interests, or any rights, warrants, options, calls, commitments or any other agreements of any character to acquire any of its shares, voting securities or equity interests; (iii) other than dividends in the ordinary course consistent with past practice, declare, set aside for payment or pay any dividend on, or make any other distribution in respect of, any of its shares or otherwise make any payments to its shareholders in their capacity as such (other than dividends by a direct or indirect wholly owned Subsidiary of the Company to its parent); (iv) split, combine, subdivide or reclassify any of its shares; or (v) except as expressly permitted by this Agreement, amend (including by reducing an exercise price or extending a term) or waive any of its rights under, or accelerate the vesting under (except to the extent provided for in option agreements set forth in Section 4.2(a) of the Company Disclosure Schedule), any provision of the Company Stock Option Plan or any agreement evidencing any outstanding stock option or other right to acquire shares of the Company or any restricted stock purchase agreement or any similar or related contract;

(b) incur or assume any indebtedness for borrowed money or guarantee any indebtedness or issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of the Company or any of its Subsidiaries, other than (i) borrowings by the Company in the ordinary course of business which are prepayable at any time without penalty or premium under the Company's existing credit agreement listed on Section 2.13(a) of the Company Disclosure Schedule and guarantees of such borrowings issued by the Company's Subsidiaries to the extent required under the terms of such credit facility, and (ii) borrowings from the Company by a direct or indirect wholly owned Subsidiary of the Company in the ordinary course of business consistent with past practice;

(c) sell, transfer, lease, mortgage, encumber or otherwise dispose of or subject to any Lien (including pursuant to a sale-leaseback transaction or an asset securitization transaction) any of its properties or assets (including securities of Subsidiaries) with a fair market value in excess of $500,000 individually or $1 million in the aggregate to any Person, except (i) sales of inventory in the ordinary course of business consistent with past practice, (ii) pursuant to Contracts in force on the date of this Agreement and listed on Section 4.2(c) of the Company Disclosure Schedule, correct and complete copies of which have been made available to Parent, or (iii) dispositions of obsolete or worthless assets;

(d) make any capital expenditure or expenditures which (i) involves the purchase of real property or (ii) is in excess of $3 million in the aggregate, except for any such capital expenditures provided for in the Company's 2007 Capital Expenditure Plan set forth in Section 4.2(d) of the Company Disclosure Schedule;

(e) directly or indirectly acquire (i) by merging, amalgamating, effecting a plan of arrangement, or consolidating with, or by purchasing all of or a substantial equity interest in, or by any other manner, any Person or division, business or equity interest of any Person or, (ii) except in the ordinary course of business, any assets that, individually, have a purchase price in excess of $100,000 or, in the aggregate, have a purchase price in excess of $500,000;

(f) make any investment (by contribution to capital, property transfers, purchase of securities or otherwise) in, or loan or advance (other than travel and similar advances to its employees in the ordinary course of business consistent with past practice) to, any Person other than a direct or indirect wholly owned Subsidiary of the Company in the ordinary course of business;

(g) (i) enter into, terminate or amend in a manner adverse to the Company any Material Contract, or, other than in the ordinary course of business, any other Contract that is material to the Company and its Subsidiaries taken as a whole, (ii) enter into or extend the term or scope of any Contract that purports to restrict in a manner material to the Company, or any existing or future Subsidiary or Affiliate of the Company, from engaging in any line of business or in any geographic area, (iii) amend or modify the Engagement Letters in any manner adverse to the Company (including to increase the fees payable thereunder), (iv) enter into any Contract that would be breached by, or require the consent of any third party in order to continue in full force following, consummation of the Arrangement or (v) release any Person from, or modify or waive any provision of, any confidentiality, standstill or similar agreement unless and only to the extent that (x) such Person wishes to make an Acquisition Proposal which the board of directors of the Company reasonably determines in good faith constitutes or is reasonably likely to lead to a Superior Proposal, and (y) such modification or waiver of any provision of a confidentiality agreement does not result in such confidentiality agreement not being an Acceptable Confidentiality Agreement;

(h) increase in any manner the compensation of any of its directors, officers or employees or enter into, establish, amend or terminate any employment, consulting, retention, change in control, collective bargaining, bonus or other incentive compensation, profit sharing, health or other welfare, stock option or other equity (or equity-based), pension, retirement, vacation, severance, deferred compensation or other compensation or benefit plan, policy, agreement, trust, fund or arrangement with, for or in respect of, any shareholder, director, officer, other employee, consultant or Affiliate, other than (i) as required pursuant to applicable Law or the terms of the agreements set forth on Section 4.2(h) of the Company Disclosure Schedule (correct and complete copies of which have been made available to Parent) and (ii) increases in salaries, wages and benefits of employees (other than officers) made in the ordinary course of business and in amounts and in a manner consistent with past practice;

(i) incur a Tax liability outside of the ordinary course of business or file a Tax Return in a manner inconsistent with past practice, make or change any material election concerning Taxes or Tax Returns, file any amended Tax Return, enter into any closing agreement with respect to Taxes, settle any material Tax claim or assessment or surrender any right to claim a refund of Taxes or obtain any Tax ruling;

(j) make any changes in financial or tax accounting methods, principles or practices (or change an annual accounting period), except insofar as may be required by a change in GAAP or by applicable Law;

(k) amend the Company Charter Documents or the Subsidiary Documents;

(l) adopt a shareholders rights plan or a plan or agreement of complete or partial liquidation, dissolution, restructuring, recapitalization, merger, amalgamation, plan of arrangement, consolidation or other reorganization (other than transactions exclusively between wholly owned Subsidiaries of the Company);

(m) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction in accordance with their terms in the ordinary course of business consistent with past practice;

(n) issue any broadly distributed communication of a general nature to employees (including general communications relating to benefits and compensation) or customers without consulting with Parent, except for communications in the ordinary course of business that do not relate to the transactions contemplated hereunder;

(o) commence, settle or compromise any litigation, proceeding or investigation material to the Company and its Subsidiaries taken as a whole (this covenant being in addition to the Company's agreement set forth in Section 4.10 hereof);

(p) agree, in writing or otherwise, to take any of the foregoing actions, or take any action or agree, in writing or otherwise, to take any action which would (i) cause any of the representations or warranties of the Company set forth in this Agreement (A) that are qualified as to materiality or Company Material Adverse Effect to be untrue or (B) that are not so qualified to be untrue in any material respect, or (ii) impede or delay the ability of the parties to satisfy any of the conditions to the Arrangement set forth in this Agreement; or

Notwithstanding anything contained herein, the Company may, in connection with the completion of the Arrangement, accelerate the vesting of the Options and, directly or indirectly, make available financing to holders of Options for the exercise of such Options immediately prior to the Effective Date.

SECTION 4.3 <u>No Solicitation by the Company; etc.</u>

(a) The Company shall, and shall cause its Subsidiaries and the Company's and its Subsidiaries' respective directors, officers, employees, investment bankers, financial advisors, attorneys, accountants, agents and other representatives (collectively, "Representatives") to immediately cease and cause to be terminated any discussions or negotiations with any Person conducted heretofore with respect to an Acquisition Proposal, and use commercially reasonable efforts to obtain the return from all such Persons or cause the destruction of all copies of confidential information previously provided to such parties by the Company, its Subsidiaries or Representatives. The Company shall not, and shall cause its Subsidiaries and Representatives not to, directly or indirectly (i) solicit, initiate, cause, facilitate or encourage (including by way of furnishing information) any inquiries or proposals that constitute, or may reasonably be expected to lead to, any Acquisition Proposal, (ii) participate in any discussions or negotiations with any third party regarding any Acquisition Proposal or (iii) enter into any agreement related to any Acquisition Proposal; *provided, however*, that if after the date hereof (A) the board of directors of the Company receives an unsolicited, written Acquisition Proposal in circumstance not, involving a breach of this Agreement or any standstill agreement, (B) the board of directors of the Company reasonably determines in good faith, after consultation with its outside counsel and financial advisor, that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal, and (C) after consultation with its outside counsel and financial advisor the board of directors of the Company determines in good faith that the failure to take such action would be inconsistent with its fiduciary duties under applicable Law, then the Company may, at any time prior to obtaining the Company Securityholder Approval (but in no event after obtaining the Company Securityholder Approval) and after providing Parent not less than 24 hours written notice of its intention to take such actions (1) furnish information with respect to the Company and its Subsidiaries to the Person making such Acquisition Proposal, but only after such Person enters into a customary confidentiality agreement with the Company (which confidentiality agreement must (x) be no less favorable to the Company (i.e., no less restrictive with respect to the conduct of such Person) than the Confidentiality Agreement, and (y) not include any provision calling for the exclusive right to negotiate with the Company, and (z) not restrict the Company from complying with this Section 4.3 (an "Acceptable Confidentiality Agreement")), *provided* that the Company advises Parent of all such non-public information delivered to such Person concurrently with its delivery to such Person and concurrently with its delivery to such Person the Company delivers to Parent all such information not previously provided to Parent, and (2) participate in discussions and negotiations with such Person regarding such Acquisition Proposal. The Company shall provide Parent with a correct and complete copy of any confidentiality agreement entered into pursuant to this paragraph within 24 hours of the execution thereof. The Company shall not release any Person from any confidentiality or standstill obligation except and only to the extent that (x) such Person wishes to make an Acquisition Proposal which the board of directors of the Company reasonably determines in good faith constitutes, or is reasonably likely to lead to, a Superior Proposal, and (y) the release of any confidentiality obligation does not result in the confidentiality agreement to which such obligation relates not being an Acceptable Confidentiality Agreement.

(b) In addition to the other obligations of the Company set forth in this Section 4.3, the Company shall promptly advise Parent, orally and in writing, and in no event later than 24 hours after receipt, if any proposal, offer, inquiry or other contact is received by, any information is requested from, or any discussions or negotiations are sought to be initiated or continued with, the Company in respect of any Acquisition Proposal, and shall, in any such notice to Parent, indicate the identity of the Person making such proposal, offer, inquiry or other contact and the terms and conditions of any proposals or offers or the nature of any inquiries or contacts (and shall include with such notice copies of any written materials received from or on behalf of such Person relating to such proposal, offer, inquiry or request), and thereafter shall promptly keep Parent fully informed of all material developments affecting the status and terms of any such proposals, offers, inquiries or requests (and the Company shall provide Parent with copies of any additional written materials received that relate to such proposals, offers, inquiries or requests) and of the status of any such discussions or negotiations.

(c) Except as expressly permitted by this Section 4.3(c), neither the board of directors of the Company nor any committee thereof shall (i)(A), withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Parent, the Company Board Recommendation (B) recommend, or propose publicly to recommend, any Acquisition Proposal (any action described in this clause (i) being referred to as a "Company Adverse Recommendation Change") or (ii) approve or recommend, or propose publicly to approve or recommend, or cause or authorize the Company or any of its Subsidiaries to enter into, any letter of intent, agreement in principle, memorandum of understanding, merger, acquisition, purchase or joint venture agreement or other agreement related to any Acquisition Proposal (other than a confidentiality agreement in accordance with Section 4.3(a)), or terminate or fail to consummate the transactions contemplated hereunder, or breach its obligations hereunder, or propose or agree to do any of the foregoing. Notwithstanding the foregoing, at any time prior to obtaining the Company Securityholder Approval, if the Company receives a Acquisition Proposal which the board of directors of the Company concludes in good faith constitutes a Superior Proposal, the board of directors of the Company may effect a Company Adverse Recommendation Change and/or terminate this Agreement pursuant to Section 6.1(d)(ii) to enter into a definitive agreement with respect to such Superior Proposal, if such board of directors determines in good faith, after consulting with its outside counsel and financial advisor, that the failure to make such action would be inconsistent with the board of directors of the Company's fiduciary duties under applicable Law; *provided, however*, that the board of directors of the Company may not terminate this Agreement or effect a Company Adverse Recommendation Change in respect of a Superior Proposal unless (1) the Company notifies Parent, in writing and at least five business days prior to such Company Adverse Recommendation Change or termination (the "Adverse Recommendation Notice Period"), promptly of its intention to effect a Company Adverse Recommendation Change or terminate this Agreement and to enter into a binding written agreement concerning a Superior Proposal, attaching the most current version of all relevant proposed transaction agreements and other material documents (and a description of all material terms and conditions thereof) (including the identity of the party making such Superior Proposal and in the case of a Superior Proposal that includes non-cash consideration the value or range of values attributed by the board of directors of the Company in good faith after consultation with its financial advisor)), (2) the Company shall, with the assistance of its outside counsel and financial advisor, during the Adverse Recommendation Notice Period, consider and discuss with Parent in good faith (to the extent Parent desires to discuss) any adjustments proposed by Parent to the terms of this Agreement, and (3) Parent does not make, within five business days of receipt of such written notification, a binding offer that the board of directors of the Company determines in good faith, after consultation with its outside counsel and financial advisor is at least as favorable to the Company Shareholders as such Superior Proposal. In the event of any material revisions to the applicable Superior Proposal, the Company shall be required to deliver a new written notice to Parent and to comply with the requirements of this Section 4.3(c) with respect to such new written notice (to the extent so required).

(d) For purposes of this Agreement:

"Acquisition Proposal" means any bona fide inquiry, proposal or offer from any Person, other than Parent and its Subsidiaries, relating to any (A) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of assets of the Company and its Subsidiaries (including securities of Subsidiaries) equal to 25% or more of the Company's consolidated assets or to which 25% or more of the Company's revenues or earnings on a consolidated basis are attributable (or any long-term lease agreement having similar economic effect), (B) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of beneficial ownership (within the meaning of applicable Canadian Securities Laws) of 25% or more of any class of equity securities of the Company, (C) take-over bid, tender offer or exchange offer that if consummated would result in any Person owning 25% or more of any class of equity securities of the Company or (D) merger, consolidation, share exchange, business combination, recapitalization, amalgamation, plan of arrangement, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries; in each case, other than the transactions contemplated under this Agreement.

"Superior Proposal" means a bona fide written Acquisition Proposal, obtained after the date hereof and not in breach of this Agreement or any standstill agreement (subject to any waiver of such standstill permitted in accordance with this Agreement), to acquire, directly or indirectly, for consideration consisting of cash and/or securities, all of the Company Common Shares or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis, made by a third party, for which financing is then committed at least to the extent that financing for the Arrangement is committed as at the date of this Agreement and which is otherwise on terms and conditions which the board of directors of the Company determines in its good faith, after consultation with its outside counsel and financial advisor and consideration of all terms and conditions (including the conditionality and timing and likelihood of consummation of such proposal), is on terms that are more favorable to the Company Shareholders from a financial point of view than the Arrangement, taking into account at the time of determination, among other factors, any changes to the terms of this Agreement that as of the time had been provided by Parent in writing and the conditionality and the ability of the Person making such proposal to consummate the transactions contemplated by such proposal.

(e) Nothing in this Section 4.3 shall prohibit the board of directors of the Company from (i) taking and disclosing to the Company Shareholders a position contemplated by Section 99 of the Securities Act (Ontario) if such board of directors determines in good faith, after consultation with outside counsel, that failure to so disclose such position would constitute a violation of applicable Law; or (ii) responding to a bona fide request for information that the Company reasonably determines in good faith constitutes, or is reasonably likely to lead to, an Acquisition Proposal solely by advising that no information can be provided unless an Acquisition Proposal is made and then only in compliance with Section 4.3(a);. *provided, however*, that in no event shall the Company or its board of directors or any committee thereof take, or agree or resolve to take, any action prohibited by Section 4.3(c).

SECTION 4.4 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement (including Section 4.4(c)), each of the parties hereto shall cooperate with the other parties and use (and shall cause their respective Subsidiaries to use) their respective commercially reasonable efforts to promptly (i) take, or cause to be taken, all actions, and do, or cause to be done, all things, necessary, proper or advisable to cause the conditions to the Arrangement to be satisfied as promptly as practicable and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated hereunder, including preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, and (ii) obtain all approvals, consents, registrations, permits, authorizations and other confirmations from any Governmental Authority or third party necessary, proper or advisable to consummate the Arrangement.

(b) Each of the parties hereto shall use its commercially reasonable efforts to (i) cooperate in all respects with each other in connection with any filing or submission with a Governmental Authority in connection with the transactions contemplated hereunder and in connection with any investigation or other inquiry by or before a Governmental Authority relating to the transactions contemplated hereunder, including any proceeding initiated by a private party, and (ii) keep the other party informed in all material respects and on a reasonably timely basis of any material communication received by such party from, or given by such party, to any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereunder. Subject to applicable Laws relating to the exchange of information, each of the parties hereto shall have the right to review in advance, and to the extent practicable each will consult the other on, all the information relating to the other parties and their respective Subsidiaries, as the case may be, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Authority in connection with the transactions contemplated hereunder.

(c) In furtherance and not in limitation of the covenants of the parties contained in this Section 4.4, each of the parties hereto shall use its commercially reasonable efforts to resolve such objections, if any, as may be asserted by a Governmental Authority or other Person with respect to the transactions contemplated hereunder. Notwithstanding the foregoing or any other provision of this Agreement, the Company shall not, without Parent's prior written consent, commit to any divestiture transaction or agree to any restriction on its business, and nothing in this Section 4.4 shall (i) limit any applicable rights a party may have to terminate this Agreement pursuant to Section 6.1 so long as such party has up to then complied in all material respects with its obligations under this Section 4.4, (ii) require Parent to offer, accept or agree to (A) dispose or hold separate any part of its or the Company's businesses, operations, assets or product lines (or a combination of Parent's and the Company's respective businesses, operations, assets or product lines), (B) not compete in any geographic area or line of business, and/or (C) restrict the manner in which, or whether, Parent, the Company or any of their Affiliates may carry on business in any part of the world.

SECTION 4.5 Cooperation with Financing

Subject to the terms of this Agreement, the Company shall and shall cause its Subsidiaries to provide, on a timely basis, all reasonable cooperation in connection with the arrangement of the Financing provided for in the Debt Commitment Letter (or alternative financing so long as it does not adversely effect the timing of consummation of the Arrangement or materially increase the demands made on the Company and its management under this Section 4.5), as may be reasonably requested by Parent (provided that such requested cooperation does not unreasonably interfere with the ongoing operations of the Company or its Subsidiaries), including (a) participation in meetings and due diligence sessions upon reasonable notice; (b) furnishing Parent and its financing sources with historical financial and other pertinent information regarding the Company and its Subsidiaries as may be reasonably requested by Parent, including historical financial statements and financial data; (c) providing Parent with historical financial data to be used by Parent in connection with its financing of the Arrangement; (d) reasonably facilitating and assisting Parent with its provision and registration of security and pledge of collateral (including, without limitation, removing Liens and providing affidavits and other instruments reasonably requested) following receipt of the Final Order but with effect only on and after the Effective Time; and (e) assisting Parent in complying with its obligations under the Debt Commitment Letter, provided that neither the Company nor any Subsidiary shall be required to (i) prepare financial statements or financial data other than as are required to be prepared under applicable Canadian Securities Laws and unaudited compilations thereof or extracts therefrom, (ii) prepare any financial projections or forecasts, or (iii) pay any commitment or other similar fee or incur any other liability in connection with the Financing prior to the Effective Time. All non-public or otherwise confidential information regarding the Company or its Subsidiaries provided by Parent, Acquisition Sub or their respective advisors, agents and representatives pursuant to this Section 4.5 shall be kept confidential and in a manner customary for syndication of a bank financing and in compliance with Canadian Securities Laws. In no event shall the officers, directors or employees of the Company or of its Subsidiaries incur any liability whatsoever in connection with the performance of any actions required by them under this Section 4.5 and in no event shall the Company or any of its Subsidiaries incur any liability or obligation whatsoever prior to the Effective Time in connection with the performance of any actions required by them under this Section 4.5. Notwithstanding anything provided for in this Section 4.5, absent wilful breach, no failure by the Company or its Subsidiaries to perform any of the actions which may be required by this Section 4.5 shall be construed as a breach under this Agreement.

SECTION 4.6 Public Announcements.

The initial press release with respect to the execution of this Agreement shall be a joint press release to be reasonably agreed upon by Parent and the Company. Thereafter, neither the Company nor Parent shall issue or cause the publication of any press release or other public announcement (to the extent not previously issued or made in accordance with this Agreement) with respect to the Arrangement, this Agreement or the other transactions contemplated hereunder without the prior consent of the other party (which consent shall not be unreasonably withheld or delayed), except as may be required by Law or by rules of the Toronto Stock Exchange as determined in the good faith judgment of the party proposing to make such release (in which case such party shall not issue or cause the publication of such press release or other public announcement without prior notice to the other party).

SECTION 4.7 Access to Information; Confidentiality.

The Company shall, and shall cause each of its Subsidiaries to, afford to Parent and Parent's representatives reasonable access during normal business hours to all of the Company's and its Subsidiaries' properties, books, Contracts, commitments, records and correspondence (in each case, whether in physical or electronic form), officers, employees, accountants, counsel, financial advisors and other Representatives and the Company shall furnish promptly to Parent (i) a copy of each report, schedule and other document filed by it with the Canadian Securities Regulators under applicable Canadian Securities Laws and a copy of any communication (including "comment letters") received by the Company from the Canadian Securities Regulators concerning compliance with applicable Canadian Securities Laws, and (ii) all other information concerning its and its Subsidiaries' business, properties and personnel as Parent may reasonably request. Except for disclosures permitted by the terms of the Confidentiality Agreement, dated as of May 2, 2007, between Parent and the Company (as it may be amended from time to time, the "Confidentiality Agreement"), Parent shall hold information received from the Company pursuant to this Section 4.7 in confidence in accordance with the terms of the Confidentiality Agreement. No investigation, or information received, pursuant to this Section 4.7 will modify any of the representations and warranties of the parties hereto.

SECTION 4.8 Notification of Certain Matters.

The Company shall give prompt notice to Parent, and Parent shall give prompt notice to the Company, of (i) any notice or other communication received by such party from any Governmental Authority in connection with the transactions contemplated hereunder or from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated hereunder, if the subject matter of such communication or the failure of such party to obtain such consent could be material to the Company, or Parent, (ii) any actions, suits, claims, investigations or proceedings commenced or, to such party's knowledge, threatened against, relating to or involving or otherwise affecting such party or any of its Subsidiaries which relate to the transactions contemplated hereunder, (iii) the discovery of any fact or circumstance that, or the occurrence or non-occurrence of any event the occurrence or non-occurrence of which, would cause any representation or warranty made by such party contained in this Agreement (A) that is qualified as to materiality or Company Material Adverse Effect or Parent Material Adverse Effect, as applicable, to be untrue and (B) that is not so qualified to be untrue in any material respect, and (iv) any material failure of such party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder; *provided, however*, that the delivery of any notice pursuant to this Section 4.8 shall not (x) cure any breach of, or non-compliance with, any other provision of this Agreement or (y) limit the remedies available to the party receiving such notice.

SECTION 4.9 Indemnification and Insurance.

(a) From and after the Effective Time, the Company shall indemnify the current and former directors or officers of the Company (collectively, the "Indemnitees") with respect to all acts or omissions by them in their capacities as such at any time prior to the Effective Time, to the fullest extent (A) required by the Company Charter Documents as in effect on the date of this Agreement and (B) permitted under applicable Law.

(b) Notwithstanding the covenants contained in Section 4.2, the Company may purchase run-off directors' and officers' insurance providing coverage reasonably equivalent to the policies of the Company currently in effect for the Indemnities for a period of six years from the Effective Time (*provided* that such policies are of at least the same coverage and amounts containing terms and conditions that are not less advantageous in any material respect than such existing policies) with respect to acts or omissions occurring prior to the Effective Time that were committed by such officers and directors in their capacity as such; *provided*, that in no event shall such Person be required to expend per year of coverage more than 300% of the amount currently expended by the Company per year of coverage as of the date of this Agreement to maintain or procure insurance coverage pursuant hereto.

(c) The Indemnitees to whom this Section 4.9 applies shall be third party beneficiaries of this Section 4.9. The provisions of this Section 4.9 are intended to be for the benefit of each Indemnitee and his or her heirs.

SECTION 4.10 Securityholder Litigation.

The Company shall give Parent the opportunity to participate in the defense or settlement of any securityholder litigation against the Company and/or its directors relating to the transactions contemplated hereunder, and no such settlement shall be agreed to without Parent's prior consent.

SECTION 4.11 Fees and Expenses.

Except as provided in Section 6.3, all fees and expenses incurred in connection with this Agreement and the transactions contemplated hereunder shall be paid by the party incurring such fees or expenses, whether or not the Arrangement is consummated.

ARTICLE 5
CONDITIONS PRECEDENT

SECTION 5.1 Conditions to Each Party's Obligation to Consummate the Arrangement.

The respective obligations of each party hereto to consummate the Arrangement shall be subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Effective Time of the following conditions:

(a) Company Securityholder Approval. The Company Securityholder Approval shall have been obtained in accordance with the Interim Order;

(b) Interim and Final Orders. The Interim Order and the Final Order shall each have been granted on terms consistent with this Agreement and in form and substance satisfactory to Parent and Company, acting reasonably, and shall have not been set aside or modified in a manner unacceptable to either Parent or the Company, acting reasonably, on appeal or otherwise;

(c) No Injunctions or Restraints. No Law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any Governmental Authority (collectively, "Restraints") shall be in effect enjoining, restraining, preventing or prohibiting consummation of the Arrangement or making the consummation of the Arrangement illegal.

SECTION 5.2 <u>Conditions to Obligations of Parent and Acquisition Sub.</u>

The obligations of Parent and Acquisition Sub to consummate the Arrangement are further subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company contained in (w) the first sentence of Section 2.1(a), (x) the first sentence of Section 2.1(b), (y) Section 2.2 and (z) Section 2.19 shall be true and correct in all material respects as of the Effective Time as though made at the Effective Time, except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date, and (ii) all other representations and warranties of the Company contained in this Agreement shall be true and correct, without regard to any materiality or Company Material Adverse Effect qualifications therein, as of the Effective Time as though made at the Effective Time, except to the extent such representations and warranties referred to in this clause (ii) expressly relate to an earlier date, in which case as of such earlier date, other than any failure of such representations and warranties referred to in this clause (ii) to be true and correct which failure has not had or could not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company, without personal liability, to such effect;

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Effective Time, and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company, without personal liability, to such effect;

(c) No Litigation, etc. There shall not be any action, investigation, proceeding or litigation instituted, commenced, pending by or before any Governmental Authority that would or that seeks or is reasonably likely to (i) restrain, enjoin, prevent, prohibit or make illegal the acquisition of some or all of the Company Common Shares by Parent or Acquisition Sub or the consummation of the Arrangement, (ii) impose limitations on the ability of Parent or its Affiliates effectively to exercise full rights of ownership of all Company Common Shares, (iii) restrain, enjoin, prevent, prohibit or make illegal, or impose material limitations on, Parent's or any of its Affiliates' ownership or operation of all or any material portion of the businesses and assets of the Company and its Subsidiaries, taken as a whole, or, as a result of the Arrangement, of Parent and its Subsidiaries, taken as a whole, (iv) as a result of the Arrangement, compel Parent or any of its Affiliates to dispose of any Company Common Shares or to dispose of or hold separate any material portion of the businesses or assets of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole, or (v) impose damages on Parent, the Company or any of their respective Subsidiaries as a result of the Arrangement in amounts that are material in relation to the Company or the Arrangement; and

(d) Dissent Rights. The holders of no more than ten percent (10%) of all of the issued and outstanding Company Common Shares as of immediately prior to the Effective Time shall have validly exercised their Dissent Rights under the Arrangement.

SECTION 5.3 Conditions to Obligation of the Company.

The obligation of the Company to consummate the Arrangement is further subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of each of Parent and Acquisition Sub contained in (x) Section 3.1 and (y) Section 3.6 shall be true and correct in all material respects as of the Effective Time as though made at the Effective Time, except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date, and (ii) all other representations and warranties of each of Parent and Acquisition Sub contained in this Agreement shall be true and correct, without regard to any materiality or Parent Material Adverse Effect qualifications therein, as of the Effective Time as though made at the Effective Time, except to the extent such representations and warranties referred to in this clause (ii) expressly relate to an earlier date, in which case as of such earlier date, other than any failure of such representations and warranties referred to in this clause (ii) to be true and correct which failure has not had or could not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect; and the Company shall have received a certificate signed on behalf of Parent and Acquisition Sub by the chief executive officer and chief financial officer of each of Parent and Acquisition Sub, respectively, without personal liability, to such effect; and

(b) Performance of Obligations of Parent and Acquisition Sub. Parent and Acquisition Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Effective Time, and the Company shall have received certificates signed on behalf of each of Parent and Acquisition Sub by the chief executive officer and chief financial officer of each of Parent and Acquisition Sub, respectively, without personal liability, to such effect.

SECTION 5.4 Frustration of Conditions to Arrangement.

None of the Company, Parent or Acquisition Sub may rely on the failure of any condition set forth in Section 5.1, 5.2 or 5.3, as the case may be, to be satisfied if such failure was caused by such party's failure to use its commercially reasonable efforts to consummate the Arrangement, as required by and subject to Section 4.4.

ARTICLE 6
TERMINATION

SECTION 6.1 Termination.

This Agreement may be terminated and the Arrangement abandoned at any time prior to the Effective Time:

(a) by the mutual written consent of the Company and Parent duly authorized by each of their respective boards of directors; or

(b) by either of the Company or Parent:

(i) if the Effective Time shall not have occurred on or before November 15, 2007 (the "Walk-Away Date");

(ii) if any Restraint having the effect set forth in Section 5.1(c) shall be in effect; *provided, however*, that the right to terminate this Agreement under this Section 6.1(b)(ii) shall not be available to a party if such Restraint was primarily due to the failure of such party (including, in the case of Parent, Acquisition Sub) to perform any of its obligations under this Agreement; or

(iii) if the Company Securityholder Approval shall not have been obtained at the Meeting in accordance with the Interim Order; or

(c) by Parent:

(i) if the Company shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement (or if any of the representations or warranties of the Company set forth in this Agreement shall fail to be true), which breach or failure (A) would (if it occurred or was continuing as of the Effective Time) give rise to the failure of a condition set forth in Section 5.2(a) or (b) and (B) except in the case of breach of a covenant in Section 1.1 or 4.1, is incapable of being cured, or is not cured, by the Company by the earlier of 30 calendar days following receipt of written notice from Parent of such breach or failure and the Walk-Away Date;

(ii) if any Restraint having the effect of granting or implementing any relief referred to Section 5.2(c) shall be in effect, *provided, however*, that the right to terminate this Agreement under this Section 6.1(c)(ii) shall not be available to Parent if such Restraint was primarily due to the failure of Parent or Acquisition Sub to perform any of its obligations under this Agreement;

(iii) if (A) a Company Adverse Recommendation Change shall have occurred or (B) the board of directors of the Company or any committee thereof (x) shall not have rejected any Acquisition Proposal within five business days of the making thereof (including, for these purposes, by taking no position with respect to the acceptance by the Company Shareholders of a take-over bid, which shall constitute a failure to reject such Acquisition Proposal) or (y) shall have failed to publicly reconfirm the Company Board Recommendation within five business days after receipt of a written request from Parent that it do so; or

(iv) if after the date of this Agreement there shall have occurred any events or changes that, individually or in the aggregate, have had or could reasonably be expected to have a Company Material Adverse Effect; or

(d) by the Company:

(i) if Parent or Acquisition Sub shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement (or if any of the representations or warranties of Parent or Acquisition Sub set forth in this Agreement shall fail to be true), which breach or failure (A) would (if it occurred or was continuing as of the Effective Time) give rise to the failure of a condition set forth in Section 5.3(a) or (b) and (B) except in the case of breach of the representation and warranty in Section 3.5 or the covenant in Section 1.4, is incapable of being cured, or is not cured, by Parent or Acquisition Sub by the earlier of 30 calendar days following receipt of written notice from the Company of such breach or failure and the Walk-Away Date;

(ii) if, prior to obtaining the Company Securityholder Approval, the board of directors of the Company authorizes the Company, subject to complying with the terms of this Agreement, to enter into a written agreement concerning a Superior Proposal; *provided, however,* that concurrently with such termination, the Company pays the Termination Fee payable pursuant to Section 6.3; or

(iii) if all of the conditions set forth in Sections 5.1 and 5.2 shall have been satisfied or waived in accordance with this Agreement except that Parent shall not have complied with Section 1.4.

SECTION 6.2 Effect of Termination.

In the event of the termination of this Agreement as provided in Section 6.1, written notice thereof shall be given to the other party or parties, specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void (other than the provisions of the first sentence of Section 2.19, Section 3.6, the second sentence of Section 4.1(b), the penultimate sentence of Section 4.7, Section 4.11 (subject to Section 6.3(c)), 6.2 and 6.3, and Article 7, all of which shall survive termination of this Agreement). Parent and Acquisition Sub acknowledge and agree that if the Termination Fee is required to be paid to Parent, and the Company acknowledges and agrees that if the Reverse Termination Fee is required to be paid to the Company, such amount is paid in lieu of any damages or any other payment or remedy which Parent and Acquisition Sub, or the Company, as the case may be, may be entitled to and shall constitute payment of liquidated damages which are a genuine estimate of the damages which Parent and Acquisition Sub, or the Company, as the case may be, will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and are not penalties; each party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, Parent and Acquisition Sub agree that the payment of the Termination Fee by the Company to Parent is the sole monetary remedy available to Parent and Acquisition Sub and they shall not have any alternative right or remedy against the Company, and the Company agrees that the payment by Parent of the Reverse Termination Fee to Parent is the sole monetary remedy available to it and it shall not have any alternative right or remedy against Parent and Acquisition Sub. In no event shall Parent or the Company be obligated to make more than one payment of the Reverse Termination Fee or the Termination Fee, respectively, or more than one payment by it of the Expenses.

SECTION 6.3 Termination Fee.

(a) In the event that:

(i) (A) an Acquisition Proposal shall have been made known to the Company or shall have been made directly to the Company Shareholders generally or any Person shall have publicly announced an intention (whether or not conditional or withdrawn) to make a Acquisition Proposal and thereafter, (B) this Agreement is terminated by the Company or Parent pursuant to Section 6.1(b)(i) (but only if a vote to obtain the Company Securityholder Approval has not been held) and *provided however* that neither Parent or Acquisition Sub is in breach of its representations and warranties or its covenants, nor is the condition in Section 5.2(c) not satisfied or waived and (C) the Company enters into a definitive agreement with respect to, or consummates, a Third Party Acquisition within twelve (12) months of the date this Agreement is terminated;

(ii) (A) this Agreement is terminated by the Company or Parent pursuant to Section 6.1(b)(iii); and (B) the Company enters into a definitive agreement with respect to, or consummates, a Third Party Acquisition within twelve (12) months of the date this Agreement is terminated;

(iii) this Agreement is terminated by Parent pursuant to Section 6.1(c)(i) and the Company's breach or failure triggering such termination shall have been a material and willful breach of, or material and willful failure to comply with, the Company's obligations under Section 1.1, Section 4.1 or Section 4.3 (but not where the breach has been caused by the actions of Persons other than the Company, its Subsidiaries and their respective directors and officers) unless the Company Securityholder Approval has been obtained or unless the breach of the Company's obligations under those sections has been contributed to by a breach by Parent or Acquisition Sub of its obligations under those sections;

(iv) this Agreement is terminated by Parent pursuant to Section 6.1(c)(iii); or

(v) this Agreement is terminated by the Company pursuant to Section 6.1(d)(ii),

(vi) then in any such event under clause (i), (ii), (iii), (iv) or (v) of this Section 6.3(a), the Company shall pay to Parent the Termination Fee.

(b) In the event that this Agreement is terminated by the Company pursuant to (i) Section 6.1(d)(i) and *provided* that Parent or Acquisition Sub is in breach of its representation and warranty in Section 3.5, or (ii) Section 6.1(d)(iii), then the Parent shall pay to the Company the Reverse Termination Fee.

(c) In the event that this Agreement is terminated by Parent pursuant to Section 6.1(c)(i) in circumstances not covered by Section 6.3(a)(iii), then in such case the Company shall pay to Parent all of the Expenses of Parent and Acquisition Sub *provided* that if a Termination Fee is subsequently payable pursuant to Section 6.3(a)(i), such Termination Fee shall be payable net of the Expenses paid. In the event that this Agreement is terminated by the Company pursuant to Section 6.1(d)(i), in circumstances not covered by Section 6.3(b) then in such case the Parent shall pay to the Company all of the Expenses of the Company. As used herein, "Expenses" shall mean, in respect of a party, the Canadian dollar equivalent calculated at the relevant termination date of all out-of-pocket fees and expenses (including all fees and expenses of counsel, accountants, financial advisors and investment bankers to that party and its Affiliates), incurred by that party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement, the filing of any required notices under applicable Laws or other regulations and all other matters related to the Arrangement and the other transactions contemplated hereunder up to a maximum aggregate amount of C$1,000,000.

(d) Any payment required to be made pursuant to clause (i) or (ii) of Section 6.3(a) shall be made to Parent promptly following the earlier of the execution of a definitive agreement with respect to, or the consummation of, the Third Party Acquisition (and in any event not later than two business days after delivery to the Company of notice of demand for payment); any payment required to be made pursuant to clause (iv) of Section 6.3(a) shall be made to Parent promptly following termination of this Agreement by Parent pursuant to Section 6.1(c)(iii) (and in any event not later than two business days after delivery to the Company of notice of demand for payment); any payment required to be made pursuant to clause (iii) of Section 6.3(a) shall be made to Parent promptly following termination of this Agreement by the Company pursuant to Section 6.1(c)(i) (and in any event not later than two business days after delivery to the Company of notice of demand for payment); any payment required to be made pursuant to clause (v) of Section 6.3(a) shall be made to Parent concurrently with the termination of this Agreement by the Company pursuant to Section 6.1(d)(ii); and any payment required to be made to the Company pursuant to Section 6.3(b) shall be made to the Company promptly following termination of this Agreement pursuant to Section 6.1(d)(i) (and any event not later than two business days after delivery to Parent of notice and demand for payment). In circumstances in which Expenses are payable, such payment shall be made to the payee not later than two business days after delivery to the payor of an itemization setting forth in reasonable detail all Expenses (which itemization may be supplemented and updated from time to time by the payee until the 60th day the payee party delivers such notice of demand for payment). All such payments shall be made by wire transfer of immediately available funds to an account to be designated by the payee. The parties acknowledge that any payment required to be made under Section 6.3(a), 6.3(b) or 6.3(c) shall be made without deduction or withholding of any kind whatsoever, and that in the event that any deduction or withholding is required under any applicable Laws, the amount of such payment to the payee shall be increased so that the amount received, net of any such deduction or withholding, is the full amount called for under this Agreement and the payee bears no economic cost of such withholding.

(e) In the event that any party shall fail to pay the Termination Fee, the Reverse Termination Fee and/or Expenses required pursuant to this Section 6.3 when due, such fee and/or Expenses, as the case may be, shall accrue interest for the period commencing on the date such fee and/or Expenses, as the case may be, became past due, at a rate equal to the prime rate of interest published by Royal Bank of Canada from time to time during such period plus 2%. In addition, if any party shall fail to pay such fee and/or Expenses, as the case may be, when due, the payor shall also pay to the payee all the payee's costs and expenses (including attorneys' fees) in connection with efforts to collect such fee and/or Expenses, as the case may be. The parties acknowledge that the fees, Expenses and the other provisions of this Section 6.3 are an integral part of the transactions contemplated hereunder and that, without these agreements, the parties would not enter into this Agreement.

ARTICLE 7
MISCELLANEOUS

SECTION 7.1 No Survival, etc.

Except as otherwise provided in this Agreement, the representations, warranties and agreements of each party hereto shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any other party hereto, any Person controlling any such party or any of their officers, directors or representatives, whether prior to or after the execution of this Agreement, and no information provided or made available shall be deemed to be disclosed in this Agreement or in the Company Disclosure Schedule, except to the extent actually set forth herein or therein. The representations, warranties and agreements in this Agreement shall terminate at the Effective Time upon the termination of this Agreement pursuant to Section 6.1, except that the agreements set forth in Sections 4.9 and 4.11 and any other agreement in this Agreement which contemplates performance after the Effective Time shall survive the Effective Time indefinitely and those set forth in the second sentence of Section 4.1(b), Sections 4.11, 6.2 (subject to Section 6.3(c)) and 6.3 and this Article 7 shall survive termination indefinitely. The Confidentiality Agreement shall (i) survive termination of this Agreement pursuant to Section 6.1 and (ii) terminate as of the Effective Time.

SECTION 7.2 Amendment or Supplement.

At any time prior to the Effective Time, this Agreement may be amended or supplemented in any and all respects, whether before or after receipt of the Company Securityholder Approval, by written agreement of the parties hereto, by action taken by their respective boards of directors; *provided, however,* that following the Company Securityholder Approval, there shall be no amendment or change to the provisions hereof which by Law would require further approval by the Company Shareholders and holders of Options without such approval. This Agreement may not be amended except by an instrument in writing signed on behalf of the parties hereto.

SECTION 7.3 Extension of Time, Waiver, etc.

At any time prior to the Effective Time, any party may, subject to applicable Law, (a) waive any inaccuracies in the representations and warranties of any other party hereto, (b) extend the time for the performance of any of the obligations or acts of any other party hereto or (c) waive compliance by the other party with any of the agreements contained herein or, except as otherwise provided herein, waive any of such party's conditions. Notwithstanding the foregoing, no failure or delay by the Company, Parent or Acquisition Sub in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

SECTION 7.4 Assignment.

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of Law or otherwise, by any of the parties without the prior written consent of the other parties, except that Acquisition Sub may assign, in its sole discretion, any of or all its rights, interests and obligations under this Agreement to any wholly owned Subsidiary of Parent, but no such assignment shall relieve Acquisition Sub of any of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns. Any purported assignment not permitted under this Section shall be null and void.

SECTION 7.5 Counterparts.

This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 7.6 Entire Agreement; No Third-Party Beneficiaries.

This Agreement, the Company Disclosure Schedule and the Confidentiality Agreement (a) constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and thereof and (b) except for the provisions of Section 4.9, are not intended to and shall not confer upon any Person other than the parties hereto any rights or remedies hereunder.

SECTION 7.7 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Alberta and the Laws of Canada applicable therein.

(b) The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any court of the Province of Alberta, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) Each of the parties hereto hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or related to this Agreement.

SECTION 7.8 Specific Enforcement.

The parties hereto acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party or its representatives and any such breach would cause the non-breaching party irreparable harm. Accordingly, the parties hereto agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the non- breaching party will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the parties.

SECTION 7.9 Time of Essence.

Time shall be of essence in this Agreement.

SECTION 7.10 No Liability.

(a) No director of officer of Parent or Acquisition Sub shall have any personal liability whatsoever to the Company under this Agreement, or any other document delivered in connection with the transactions contemplated hereunder on behalf of Parent or Acquisition Sub.

(b) No director or officer of the Company shall have any personal liability whatsoever to Parent or Acquisition Sub under this Agreement, or any other document delivered in connection with the transactions contemplated hereunder on behalf of the Company.

SECTION 7.11 Notices.

All notices, requests and other communications to any party hereunder shall be in writing and shall be deemed given if delivered personally, facsimiled (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses:

If to Parent or Acquisition Sub, to:

Brock Holdings III, Inc.
P.O. Box 306
Beaumont, Texas 77704
Attention: Braden J. Brock
Todd O. Brock
Jeff Davis
Facsimile: (409) 832-3019

with copies (which shall not constitute notice) to:

Lindsay Goldberg & Bessemer
630 Fifth Avenue, 30th Floor
New York, NY 10111
Attention: Lance L. Hirt
Andrew S. Weinberg
Facsimile: (212) 373-4111

and to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Glenn D. West
Facsimile: (212) 310-8007

and to:

Ogilvy Renault LLP
Suite 3800, P.O. Box 84
Royal Bank Plaza, South Tower
200 Bay Street
Toronto, Ontario
M5J 2Z4
Attention: Jay A. Lefton
Facsimile: (416) 216-3930

If to the Company, to:

Steeplejack Industrial Group Inc.
8925- 62ND Avenue
Edmonton, Alberta
T6E 5L2
Attention: Patrick F. Ross
President and Chief Executive Officer
Facsimile: (780) 466-8584

with a copy (which shall not constitute notice) to:
Bryan & Company LLP
2600 Manulife Place
10180 – 101 Street
Edmonton, Alberta
T5J 3Y2
Attention: Douglas O. Goss, Q.C.
Facsimile: (780) 428-6324

or such other address or facsimile number as such party may hereafter specify by like notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 P.M. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

SECTION 7.12 Severability.

If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereunder are fulfilled to the extent possible.

SECTION 7.13 Definitions.

(a) As used in this Agreement, the following terms have the meanings ascribed thereto below:

"Affiliate" shall have the meaning ascribed to that term in the ABCA.

"Arrangement" shall mean the proposed arrangement under the provisions of Section 193 of the ABCA as set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order.

"Arrangement Resolution" shall mean the special resolution approving the Plan of Arrangement to be considered at the Meeting for vote by the holders of Company Common Shares and the holders of Options.

"Articles of Arrangement" shall mean the articles of arrangement of the Company in respect of the Arrangement that are required by the ABCA to be filed with the Registrar on the Closing Date in order for the Arrangement to become effective.

"business day" shall mean a day except a Saturday, a Sunday or other day on which banks in Edmonton, Alberta, Toronto, Ontario or the City of New York are not open for business.

"Canadian Securities Laws" means the Securities Act (Ontario) or similar legislation of each of the Provinces of Alberta and Quebec and the regulations thereunder, and the rules, policy statements, orders and similar instruments of any of the Canadian Securities Regulators in force at the relevant time.

"Canadian Securities Regulators" shall mean the securities commissions or similar regulatory authority of each of the Provinces of Ontario, Alberta and Quebec.

"Certificate" shall mean the certificate or certificates or confirmation of filing which may be issued by the Registrar pursuant to Section 193(11) of the ABCA in respect of the Articles of Arrangement.

"Closing Date" shall be the fifth business day following receipt of the Final Order provided, however, that if the conditions set forth in Article 5 shall not have been satisfied or waived on or by such date, the Closing Date shall be the third business day after such conditions shall have been satisfied or waived, but in no event shall the Closing Date be later than the business day prior to the Walk-Away Date.

"Company Board Recommendation" means the recommendation of the board of the Company described in Section 2.3(b).

"Company Stock Option Plan" shall mean the Amended and Restated Stock Option Plan of the Company as amended by the board of the Company on September 14, 2006 and approved by the holders of Company Common Shares on November 9, 2006.

"Court" means the Court of Queen's Bench of Alberta.

"Depositary" shall have the meaning ascribed to that term in the Plan of Arrangement.

"Dissent Rights" shall mean the rights of dissent of the holders of Company Common Shares in respect of the Arrangement described in the Plan of Arrangement.

"dollars" or "$" or "C$" shall mean lawful money of Canada.

"Effective Date" shall mean the date shown on the Certificate.

"Effective Time" shall mean 12:01 a.m. on the Effective Date.

"Engagement Letters" means, collectively, the engagement letter dated March 5, 2007 between the Company and Friedman, Billings, Ramesy & Co., Inc. and the engagement letter dated March 7, 2007 between the Company and Raymond James Ltd.

"Final Order" shall mean the order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Time, or if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

"GAAP" shall mean generally accepted accounting principles in Canada.

"Governmental Authority" shall mean any government, court, regulatory or administrative agency, department, agency, bureau, tribunal, board, arbitrator, commission (including the Canadian Securities Regulators) or authority or other governmental instrumentality, federal, national, state, provincial or local, domestic, foreign or multinational.

"Interim Order" shall mean the interim order of the Court as contemplated by Section 1.2, providing for among other things, the calling and holding of the Meeting, as the same may be amended by the Court.

"Knowledge" in respect of the Company shall mean the knowledge of the individuals listed in Section 7.13(a) of the Company Disclosure Schedule.

"Lock-Up Agreement" shall mean the agreement dated the date hereof between Parent and Polar Enterprise Partners Inc., Polar Enterprise Partners LP, Polar Enterprise Partners II LP and Polar Enterprise Partners III LP in respect of 1,718,606 Company Common Shares pursuant to which such holders agree, among other things, to vote their Company Common Shares in favor of the Arrangement.

"made available" means made available by the Company or any of its Subsidiaries in any of the Company's datarooms set up for Parent in respect of the transactions contemplated under this Agreement and for which the information it relates to has been identified by the Company in the applicable dataroom index provided to Parent prior to the date hereof or information delivered by the Company or any of its Subsidiaries to Parent prior to the date hereof.

"Meeting" shall mean the special meeting of holders of Company Common Shares and holders of Options (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement Resolution.

"Option" shall mean any option to purchase Company Common Shares granted under the Company Stock Option Plan.

"Person" shall mean an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity, including a Governmental Authority.

"Plan of Arrangement" shall mean the plan of arrangement in the form of Schedule A hereto (bulleted information of which is to be completed by Parent as determined in its sole discretion) and any amendments or variations made thereto in accordance with the terms of this Agreement, the Plan of Arrangement and as made at the direction of the Court in the Final Order.

"Registrar" shall mean the Registrar appointed under Section 263 of the ABCA.

"Reverse Termination Fee" shall mean $4,800,000 in cash.

"SEC" shall mean the United States Securities and Exchange Commission.

"Subsidiary" shall have the meaning ascribed to that term in the ABCA.

"Termination Fee" shall mean $4,800,000 in cash.

"Third Party Acquisition" shall mean any of the following transactions or any agreement by the Company to enter into or support one of the following transactions: (i) any direct or indirect acquisition through one or more transactions of (A) all or substantially all of the assets of the Company and its Subsidiaries taken as a whole or (B) more than 50% of the outstanding Company Common Shares, (ii) any tender offer, exchange offer, take-over bid or agreement that, if consummated, would result in any Person owning more than 50% of the outstanding Company Common Shares, (iii) any merger, amalgamation, arrangement, consolidation or other business combination with the Company other than the Arrangement, or (iv) any recapitalization of the Company or similar transaction that, if consummated, would result in any Person owning more than 50% of the outstanding Company Common Shares.

The following terms are defined on the page of this Agreement set forth after such term

SECTION 7.14 Interpretation.

(a) When a reference is made in this Agreement to an Article, a Section, Exhibit or Schedule, such reference shall be to an Article of, a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

BROCK HOLDINGS III, INC.

By: *"Andrew Weinberg"*
Name: Andrew Weinberg
Title: Vice President

1338012 ALBERTA LTD.

By: *"Andrew Weinberg"*
Name: Andrew Weinberg
Title: Director

STEEPLEJACK INDUSTRIAL GROUP INC.

By: *"R. Ian Barrigan"*
Name: R. Ian Barrigan
Title: Director

By: *"Douglas O. Goss"*
Name: Douglas O. Goss, Q.C.
Title: Director

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SCHEDULE "A"

(Plan of Arrangement)

SCHEDULE A

PLAN OF ARRANGEMENT
UNDER SECTION 193
OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1
INTERPRETATION

Section 1.01 Definitions.

In this Plan of Arrangement the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

(a) "**ABCA**" means the Business Corporations Act (Alberta), as amended;

(b) "**Acquisition Sub**" means 1338012 Alberta Ltd., a corporation incorporated under the ABCA and being an indirect wholly-owned subsidiary of Parent;

(c) "**Amalco**" means the corporation continuing from the amalgamation of Acquisition Sub and the Company provided for in Section 2.03(b);

(d) "**Arrangement**" means the proposed arrangement under the provisions of Section 193 of the ABCA as set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order;

(e) "**Arrangement Agreement**" means the Arrangement Agreement, dated as of July 22, 2007, among Parent, Acquisition Sub and the Company providing for, among other things, the Arrangement;

(f) "**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Meeting for vote by holders of Company Common Shares and the holders of Options;

(g) "**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement that are required by the ABCA to be sent to the Registrar after the Final Order has been granted in order for the Arrangement to become effective;

(h) "**business day**" means a day except a Saturday, a Sunday or other day on which banks in Edmonton, Alberta, Toronto, Ontario or the City of New York are not open for business;

(i) "**Certificate**" means the certificate or certificates or confirmation of filing which may be issued by the Registrar pursuant to Section 193(11) of the ABCA in respect of the Articles of Arrangement;

(j) "**Closing Date**" shall be the fifth business day following receipt of the Final Order provided, however, that if the conditions set forth in Article 5 of the Arrangement Agreement shall not have been satisfied or waived on or by such date, the Closing Date shall be the third business day after such conditions shall have been satisfied or waived, but in no event shall the Closing Date be later than the business day prior to the Walk-Away Date (as defined in the Arrangement Agreement).

(k) "**Company**" means Steeplejack Industrial Group Inc., a corporation existing under the ABCA;

(l) "**Company Common Share**" means a common share in the capital of the Company;

(m) "**Company Shareholders**" means the holders of Company Common Shares;

(n) "**Company Stock Option Plan**" means the Amended and Restated Stock Option Plan of the Company as amended by the board of directors of the Company on September 14, 2006 and approved by the Company Shareholders on November 9, 2006;

(o) "**Consideration**" means $11.50 in cash per Company Common Share;

(p) "**Court**" means the Court of Queen's Bench of Alberta;

(q) "**Depositary**" means • at its offices set out in the Letter of Transmittal;

(r) "**Dissent Rights**" means the rights of dissent of the holders of the Company Common Shares in respect of the Arrangement described in Section 3.01;

(s) "**Dissenting Holder**" means any registered Company Shareholder who has duly exercised its Dissent Rights in strict compliance therewith and has not withdrawn or been deemed to have withdrawn such Dissent Rights;

(t) "**Effective Date**" means the date shown on the Certificate;

(u) "**Effective Time**" means 12:01 a.m. on the Effective Date;

(v) "**Final Order**" means the order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Time, or if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

(w) "**Interim Order**" means the interim order of the Court as contemplated by Section 1.2 of the Arrangement Agreement providing for among other things, the calling and holding of the Meeting, as the same may be amended by the Court;

(x) "**ITA**" means the Income Tax Act (Canada), as amended;

(y) "**Laws**" means all laws (including common law), statutes, ordinances, codes, rules, regulations, decrees and orders of applicable Governmental Authorities (as defined in the Arrangement Agreement).

(z) "**Letter of Transmittal**" means the letter of transmittal forwarded by the Company to Company Shareholders in connection with the Arrangement, in the form accompanying the Proxy Circular;

(aa) "**Liens**" means liens, pledges, charges, mortgages, encumbrances, adverse rights or claims and security interests of any kind or nature whatsoever (including any restriction on the right to vote or transfer the same, except for such transfer restrictions of general applicability as may be provided under the articles of incorporation (or other comparable organization documents) of the Company or under applicable Laws;

(bb) "**Meeting**" means the special meeting of holders of Company Common Shares and holders of Options (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, approve the Arrangement Resolution.;

(cc) "**Option**" means any option to purchase Company Common Shares granted under the Company Stock Option Plan which are outstanding and unexercised as of the date hereof;

(dd) "**Parent**" means Brock Holdings III, Inc., a corporation existing under the Laws of Delaware;

(ee) "**Person**" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity, including a Governmental Authority (as defined in the Arrangement Agreement);

(ff) "**Proxy Circular**" means the notice of meeting and accompanying information circular relating to the Meeting (including all schedules and appendices thereto), as amended or supplemented from time to time;

(gg) "**Registrar**" means the Registrar appointed under Section 263 of the ABCA;

(hh) "**Sixth Anniversary**" means the sixth anniversary of the Effective Date; and

(ii) "**Subsidiary**" has the meaning ascribed thereto in the ABCA.

Section 1.02 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into articles, sections and other portions and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Plan of Arrangement. Unless otherwise indicated, any reference in this Plan of Arrangement to "Article" or "section" followed by a number refers to the specified Article or section of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereunder" and similar expressions refer to this Plan of Arrangement, and any amendments, variations or supplements hereto made in accordance with the terms hereof or the Arrangement Agreement or made at the direction of the Court in the Final Order and do not refer to any particular Article, section or other portion of this Plan of Arrangement.

Section 1.03 Rules of Construction.

In this Plan of Arrangement, unless the context otherwise requires, (a) words importing the singular number include the plural and vice versa, (b) words importing any gender include all genders, and (c) "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

Section 1.04 Date of Any Action.

In the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

Section 1.05 Time.

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal are local time (Edmonton, Alberta) unless otherwise stipulated herein or therein.

Section 1.06 Currency.

Unless otherwise stated, all references in this Plan of Arrangement to sums of money and payments to be made hereunder are expressed in lawful money of Canada.

Section 1.07 Statutes.

Any reference to a statute includes all rules and regulations made pursuant to such statute and, unless otherwise specified, the provisions of any statute or regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

ARTICLE 2
ARRANGEMENT

Section 2.01 Arrangement Agreement.

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of the Arrangement Agreement, and constitutes an arrangement as referred to in Section 193 of the ABCA.

Section 2.02 Binding Effect.

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, will become effective at, and be binding at and after, the Effective Time on (i) the Company, (ii) Parent and Acquisition Sub, (iii) all registered and beneficial Company Shareholders and (iv) all registered and beneficial holders of Options.

Section 2.03 Arrangement.

On the Effective Date, subject to the Dissent Rights referred to in Section 3.01, the following events set out in this Section 2.03 shall occur and shall be deemed to occur consecutively in the order and at the times set out in this Section 2.03 without any further authorization, act or formality:

(a) Effective at the Effective Time:

(i) each Option (whether vested or unvested) outstanding immediately prior to the Effective Time shall be deemed to be vested and shall be transferred by the holder thereof to the Company and cancelled in exchange for a cash payment by the Company equal to the amount (if any) by which the Consideration exceeds the exercise price thereof, less applicable withholdings;

(ii) the Company Stock Option Plan shall be terminated;

(iii) each outstanding Company Common Share (other than the Company Common Shares that are held by holders who have exercised their Dissent Rights and who are ultimately entitled to be paid the fair value for such Company Common Shares) shall be transferred by the holder thereof to Acquisition Sub in exchange for a cash payment equal to the Consideration; and

(iv) the names of the holders of the Company Common Shares transferred to Acquisition Sub shall be removed from the applicable registers of holders of Company Common Shares and Acquisition Sub will be recorded as the registered holder of the Company Common Shares so acquired and shall be deemed to be the legal and beneficial owner thereof free and clear of any Liens.

(b) Effective at one minute after the Effective Time, the Company and Acquisition Sub shall be amalgamated and continued as one corporation under the ABCA in accordance with the following:

(i) Name. The name of Amalco shall be "●";

(ii) Registered Office. The registered office of Amalco shall be located in the City of ● in the Province of Alberta. The address of the registered office of Amalco shall be ●, Alberta ●;

(iii) Restrictions on Business. There shall be no restrictions on the business which Amalco is authorized to carry on;

(iv) Authorized Capital. Amalco shall be authorized to issue an unlimited number of common shares;

(v) Share Provisions. The rights, privileges, restrictions and conditions attaching to each class of shares of Amalco shall be as set out in Appendix B attached hereto;

(vi) Restrictions on Transfer. Shares issued by Amalco shall not be transferred without the consent of either (x) the directors evidenced by a resolution passed or signed by them and recorded in the books of Amalco; or (y) the holders of a majority in number of the outstanding voting shares of Amalco. Securities of Amalco, other than shares and non-convertible debt securities, shall not be transferred without compliance with the restrictions on transfer contained in the applicable securityholders' agreement or, absent any such restrictions, without the consent of the Secretary of Amalco;

(vii) Number of Directors. Amalco shall have ● directors;

(viii) First Directors. The first directors of Amalco shall be •. The first directors of Amalco shall hold office until the first annual meeting of shareholders of Amalco (or the signing of a written resolution in lieu thereof) or until their successors are elected or appointed;

(ix) Conversion or Cancellation of Shares. The issued and outstanding shares of each of the Company and Acquisition Sub shall be converted into fully paid and non-assessable shares of Amalco or shall be cancelled without any repayment of capital in respect thereof as follows:

(A) each common share of Acquisition Sub shall be converted into one common share of Amalco; and

(B) all of the Company Common Shares shall be cancelled without any repayment of capital in respect thereof;

(x) Stated Capital. For the purposes of the ABCA, the aggregate stated capital attributable to the common shares of Amalco pursuant to the Arrangement on the conversion of the common shares of Acquisition Sub and the cancellation of the Company Common Shares shall be the aggregate of the stated capital attributable to the common shares of Acquisition Sub so converted immediately before the amalgamation;

(xi) By-laws. The by-laws of Amalco shall be the same as those of Acquisition Sub;

(xii) Effect of Amalgamation. The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:

(A) the property of each amalgamating corporation shall continue to be the property of Amalco;

(B) Amalco shall continue to be liable for the obligations of each amalgamating corporation;

(C) any existing cause of action, claim or liability to prosecution of an amalgamating corporation shall be unaffected;

(D) any civil, criminal or administrative action or proceeding pending by or against an amalgamating corporation may be continued to be prosecuted by or against Amalco; and

(E) a conviction against, or ruling, order or judgment in favour of or against, an amalgamating corporation may be enforced by or against Amalco.

(c) Articles. The Articles of Arrangement filed to give effect to the Arrangement shall be deemed to be the articles of incorporation of Amalco and the Certificate issued by the Registrar shall be deemed to be the certificate of incorporation of Amalco.

ARTICLE 3
RIGHTS OF DISSENT

Section 3.01 Rights of Dissent.

(a) Registered Company Shareholders may exercise pursuant to and in the manner set forth in Section 191 of the ABCA, as modified by this Section 3.01, the right of dissent in connection with the Arrangement, as the same may be modified by the Interim Order or the Final Order (the "Dissent Rights"); provided that notwithstanding Section 191(5) of the ABCA, the written objection to the Arrangement Resolution referred to in Section 191(5) of the ABCA must be received by the Company not later than 5:00 p.m. (Edmonton time) on the business day preceding the Meeting, or if the Meeting is adjourned or postponed, 5:00 p.m. (Edmonton time) on the business day preceding the date of such adjourned or postponed Meeting. Holders who duly exercise such Dissent Rights and who:

(i) are ultimately entitled to be paid by Acquisition Sub the fair value for their Company Common Shares shall be deemed to have transferred such Company Common Shares to Acquisition Sub, without any further act or formality, free and clear of any Liens on the Effective Date contemporaneously with the event described in Section 2.03(a)(iii) in exchange for a right to be paid the fair value of such Company Common Shares; or

(ii) are ultimately not entitled, for any reason, to be paid fair value for their Company Common Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Company Shareholder and shall receive $11.50 in cash from Acquisition Sub for each Company Common Share.

(b) In no circumstances shall the Company, Acquisition Sub or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those Company Common Shares in respect of which such rights are sought to be exercised.

(c) For greater certainty, in no case shall Parent, Acquisition Sub, the Company or any other Person be required to recognize Dissenting Holders as holders of Company Common Shares after the Effective Time, and the names of such Dissenting Holders shall be deleted from the register of Company Shareholders on the Effective Date at the same time as the event described in Section 2.03(a)(iii) occurs and Acquisition Sub shall be recorded as the registered holder of the Company Common Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of any Liens. In addition to any other restrictions under Section 191 of the ABCA and, for greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Options and (ii) Company Shareholders who vote, or who have instructed a proxyholder to vote and have not revoked such instructions, in favor of the Arrangement Resolution.

ARTICLE 4
CERTIFICATES AND PAYMENTS

Section 4.01 Exchange of Certificates for Cash.

(a) On the Closing Date, prior to the filing of the Articles of Arrangement with the Registrar, Acquisition Sub shall deposit with the Depositary, for the benefit of Company Shareholders, cash in the aggregate amount equal to the payment contemplated by Section 2.03(a)(iii). Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Common Shares that were exchanged for cash, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the Company Shareholder of such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver as soon as possible to such Company Shareholder, a cheque (or other form of immediately available funds) representing the cash which such Company Shareholder has the right to receive under the Arrangement for such Company Common Shares, less any amounts withheld pursuant to Section 4.03 and any certificate so surrendered shall forthwith be cancelled. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of Acquisition Sub.

(b) Until surrendered as contemplated by this Section 4.01, each certificate which immediately prior to the Effective Time represented Company Common Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate as contemplated in this Section 4.01, less any amounts withheld pursuant to Section 4.03. Any such certificate formerly representing Company Common Shares not duly surrendered on or before the Sixth Anniversary shall cease to represent a claim by or interest of any former Company Shareholder of any kind or nature against or in the Company, Parent, Acquisition Sub or Amalco. On the Sixth Anniversary, all cash to which such former holder was entitled shall be deemed to have been surrendered to Amalco.

(c) On the Closing Date, prior to the filing of the Articles of Arrangement with the Registrar, the Company shall deposit with the Depositary for the benefit of holders of Options, as applicable, the amount of cash required to satisfy the payment obligations of the Company pursuant to Section 2.03(a)(i), such amount to be held for purposes of such obligations. The cash shall be held in a separate interest-bearing account and any interest earned on such funds shall be for the account of the Company. On or as soon as practicable after the Effective Date, the Depositary shall deliver on behalf of the Company to each holder who immediately before the Effective Time was a holder of Options, as reflected on the books and records of the Company as provided to the Depositary, a cheque (or other form of immediately available funds) representing the cash which such holder is entitled in accordance with Section 2.03(a).

(d) Any payment made by way of cheque by the Depositary on behalf of Acquisition Sub, Amalco, the Company or Parent that has not been deposited or has been returned to the Depositary, the Company, Parent or Amalco or that otherwise remains unclaimed, in each case, on or before the Sixth Anniversary, and any right or claim to payment hereunder that remains outstanding on the Sixth Anniversary shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the consideration for Company Common Shares or Options, as the case may be, pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Acquisition Sub, Amalco, the Company or Parent, as applicable, for no consideration.

Section 4.02 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Common Shares that were exchanged pursuant to Section 2.03 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, cash deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall as a condition precedent to the delivery of such cash, give a bond satisfactory to Acquisition Sub or Amalco, Parent and the Depositary in such sum as Acquisition Sub or Amalco may direct, or otherwise indemnify Acquisition Sub, Parent, Amalco and the Company in a manner satisfactory to Acquisition Sub and the Company or Amalco, against any claim that may be made against Acquisition Sub, Parent, Amalco and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4.03 Withholding Rights.

The Company, Acquisition Sub, Parent, Amalco and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any Company Shareholder or holder of Options such amounts as the Company, Acquisition Sub, Parent, Amalco or the Depositary determines are required or permitted to be deducted and withheld with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax Law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Company Shareholder or holder of Options, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5
AMENDMENTS

Section 5.01 Amendments to Plan of Arrangement.

(a) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time; provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by Parent and Acquisition Sub, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to Company Shareholders and holders of Options if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Meeting (provided that Parent and Acquisition Sub shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (i) it is consented to by each of the Company, Parent and Acquisition Sub (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by Company Shareholders and holders of Options voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Parent, provided that it concerns a matter that, in the reasonable opinion of Parent, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former Company Shareholder or holder of Options.

ARTICLE 6
FURTHER ASSURANCES

Section 6.01 Further Assurances.

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

APPENDIX B TO THE PLAN OF ARRANGEMENT

AMALCO COMMON SHARE PROVISIONS

1. Voting

Each common share entitles its holder to receive notice of and to attend all general and special meetings of shareholders of Amalco. Each such common share entitles its holder to one vote.

2. Dividends

The holders of common shares are, at the sole discretion of the Board of Directors of Amalco, entitled to receive out of any profits or all profits or surplus of Amalco properly applicable to the payment of dividends, such dividends as may be declared by the Board of Directors from time to time and payable by Amalco on the common shares.

No declaration or payment of any dividend shall be made to the holders of the common shares if there are reasonable grounds for the Board to believe that:

(a) Amalco is, or would after the payment be, unable to pay its liabilities as they become due, or

(b) the declaration or payment of such dividend would result in the realizable value of the assets of Amalco being reduced to less than the aggregate of:

 (i) the liabilities of Amalco, and

 (ii) the stated capital of the common shares.

3. Dissolution

In the event of the voluntary or involuntary liquidation, dissolution or winding-up of Amalco, or other distribution of assets of Amalco among the shareholders for the purpose of winding up its affairs, the holders of the common shares shall be entitled to receive ratably in any distribution of any part of the assets of Amalco available after payment or satisfaction of all liabilities of Amalco.